**Foreigners** feel their way on

Eurotunnel

plans share

Fighting Volvo to breaks out pay stock again exchange in Beirut penalty

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Shia Moslem militiamen and Palestinian guerrillas clashed in renewed tank and mortar duels in Beirut, defying a Syrian-sponsored truce which had temporarily halted fight-

World news

es Martin Santa

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ST.Barr

÷.,

ing. The outbreak of full-scale hostili-The outbreak of full-scale hostin-ties at the Sabra, Chatilla and Bourj El-Barajneh refugee camps coin-cided with a fresh wave of sectarian kidnappings including at least se-ven Christians seized as they crossed the Green Line dividing the

A Moslem militia source said the kidnappings were apparently in re-taliation for the abduction of several Moslems in East Beirut.

#### Macao talks date

Portugal and China announced that the first round of talks on the future of the Portuguese-run territory of Macao would be held in Peking on June 30 and July 1.

#### Fishing talks

France and Spain began talks un-der tha auspices of the European Commission to resolve a row over fishing rights that led last week to Spanish trawlers' blockading the French port of Hendaye.

#### Spanish bombings

Two bombs apparently set off by Basque guerrillas bent on sabotag-

#### Train blast

One man was killed and seven peoground train. A second bomb damaged a station.

#### **Policemen killed**

A bomh killed three policemen and injured 30 people in the Pakistani border town of Peshawar, less than 24 hours after another hlast derailed an express train nearby, killing one person.

VOLVO, Swedish automotive, energy and food group, is to pay the fine imposed on it by the Swedish stock exchange authorities for an "inexcusable" breach of its listing agree ment and has withdrawn its threat to take legal action. Page 23

No. 29,956

Business summary

DOLLAR fell in London to DM 2.2005 (DM 2.2080); FFr 7.0175 (FFr 7.04); SFr 1.8170 (SFr 1.8210), but "The security forces are on standrose to Y165.5 (Y165.3). On Bank of England figures the dollar's index fell to 114.6 from 114.8. Page 39

STERLING fell in London to clos at \$1.5225. It also fell to DM 3.35 (DM 3.365); FFr 10.685 (FFr 10.7325); SFr 2.765 (SFr 2.775), but was unchanged at Y252. The pound's ex-change-rate index fell 0.2 to 75.7. Page 39 the previous occasion.

country.

Africa had passed less violently than expected. In London, platinum

WALL STREET: The Dow Jones industrial average closed 2.42 down at 1,871.77. Page 46

TOKYO: Steel and shipbuilding

start to the new account and the FT

Ordinary index firmed 4.9 to 1,318.6.

WEST GERMANY: Leading foreign

banks incorporated in the country have been invited to take part for the first time in the federal bond

consortium that places government.

post and railway bonds with inves-

EGYPT is to seek debt rescheduling

Gilts firmed. Page 46

tors. Page 26

# Millions of blacks 'At least 3,000' boycott work on Soweto anniversary

Allan Boesak, one of apartheid's

most eloquent critics, preached a thunderous condemnation of the

South African Government be-

fore a tense congregation gath-ered in a church near Cape Town Although television came-

ras filmed his address, few out-

side the church are likely to hear

his words because of the govern-

dently verified because of the intro-

ing. Details, Page 7

t crackdown on news report-

**FINANCIAL TIMES** 

EUROPE'S BUSINESS NEWSPAPER

Tuesday June 17 1986

#### BY ANTHONY ROBINSON IN JOHANNESBURG AND PATTI WALDMEIR IN CAPE TOWN

MILLIONS of blacks stayed away from work across South Africa yes-terday on the 10th anniversary of the Soweto uprising. The day was also marked by unprecedented security measures

by at every possible place where trouble could have been expected, said Brigadier Leon Mellet of the Bureau of Information. The one-day work boycott was as massive as that on May Day, ac-cording to the labour monitoring

group at Witwatersrand University, although only 10 per cent of hlack mineworkers on the Reef stayed duction yesterday of tight new res-trictions on media coverage. Those barred reporters from black town-ships and forbade any comment on away from work yesterday, com-pared with a near-total boycott on

in the black townships as one of "sullen peace" and called on black and white to work together for the end of apartheid and "for real Christian peace in our beloved

The day began with an eerie si-lence at normally bustling railway and bus stations and in townships where many people appeared to have spent the day in their homes. As night fell, however, reports be-

> toning incidents The reports could not be indepen-

violence and three in security-force side, Mr Le Grange said. action. That hrought to 31 the offiaction. That hrought to 31 the offi-cial death toll since introduction of the state of emergency last week. According to the Cape Times, angry Moslems gathered in the streets, set up barricades of burnthe state of emergency last week. In a statement read out at the gan to come in from Soweto of harhriefing, Mr Louis Nel, the Deputy Minister of Information, criticised ricades, burning tyres and sporadic foreign correspondents for "editor-

EEC calls for urgent study on sanctions

#### BY QUENTIN PEEL IN LUXEMBOURG

measures.

might work.

EEC Foreign Ministers backed away yesterday from any instant decision on possible trade sanctions against South Africa, but ordered their national officials to produce eign Secretary, fought a deter-Political directors from each for-

an urgent report on possible measures that could be approved by government leaders at their summit next week. The 12 ministers papered over

Britain and West Germany strongly opposed to any comprehensive

sanctions, and Denmark, Greece

and the Netherlands all actively

There was widespread support

for a Dutch plan to ban imports of

South African wine, fruit and veg-etables - a very modest gesture that would hurt no member state. But

Sir Geoffrey Howe, the British For-

BY QUENTIN PEEL IN LUXEMBOURG

hange controls within the Com-

promoting them.

eign ministry now have the task of to military and nuclear co-opera-producing a joint position before tion, and ending cultural contacts. The EEC summit in The Hagne on June 26 and 27, including both "pos-rest of the world, is now consideritive" measures to step up support ing whether there is a need for any for anti-apartheid movements, and further measures, said Sir Geof-600

Sir Geoffrey refused to give any hint of how far the British Govern-

ment might go to join a common EEC position to put more pressure

on the South African Government.

or no sanctions, he said after the

**EEC** foreign ministers warm

to plans for currency freedom

It is not a question of sanctions

mined campaign to put off any deci-sion. proved by the EEC last Septemberincluding an arms embargo, an end

ialising" and warned that the bu-

reau was carefully monitoring all

unrest reports. In Parliament, Mrs

Helen Suzman, the opposition Pro-gressive Federal Party spokesman

on law and order, sought confirma-

tion from the Government of re-ports that some 2,000 people had

Meanwhile, Mr Louis Le Grange, the minister of Law and Order, commented in Parliament on re-ports that police had fired tear gas and rubber bullets at a crowded

mosque in the Cape Town coloured

mized-race suburb of Athlone on Sunday night.

According to Mr Le Grange, three

shots were fired at the police from

the roof of the mosque. He said that armed members of the local Mos-

ing tyres and called for a Jihad (ho-

ly war) before being dispersed.

en detained since the emergency

frey. "Our purpose must |

Measures had been taken in the by Mr Hans-Dietrich Genscher, his trade with the the EEC is little West German colleague. France, on the other hand, was more than 6 per cent.

happy to go along with the Dutch plan for a food and wine ban yester-

Jacques Chirac. Such a ban would obviously ben-

Such a ban would obviously ben-efit France, and it would not parti-

day - despite the advent of the con-servative government of Mr on government export credits and

Other possible sanctions which may be proposed to the political di-rectors could include a ban on Air

anese and US banks have also reached an important stage. Agreese as much as proval from all 12 members. £4.2bn in loans and £1hn in standby Mr Van den Broek underlined the facilities is expected to be reache abhorrence of the Community at with about 15 lead banks by the end the latest state of emergency in South Africa. He repeated the mesof this week. They are expected to recommend acceptance at meetings with the other banks in Paris on Thursday sage delivered to the South African Ambassedor m The Hague calling once again for the release of politiand Tokyo on Monday and Tuesday next week. A loan memorandum

Tokyo bourse, Page 21

detained under SA emergency BY OUR FOREIGN STAFF Under South Africa's emergency Campaign; residents' associations powers legislation, reporting from the Republic is severely curtailed. The following account was written centres; student groups; and many

in London:

AT LEAST 3,000 people have been detained since South Africa intro-

duced a state of emergency last

Thursday and the figure is rising,

according to reports reaching churches, trade unions and anti-

apartheid organisations in London.

Johannesburg's hlack township

of Soweto has been effectively sealed off by police road blocks while mobile units patrol the town-

ship, described as quiet early yes-terday. According to one account, a 1,000-strong police force raided the

Glyn Thomas students' residence at

Baragwanath Hospital near Soweto

early on Sunday, arresting 60 stu-

Press laws now in force forbid lo

cal or foreign journalists in South

Africa to name detainees, report

the numbers arrested or describe

Judging by accounts telephoned London by anti-apartheid activ-

ists in South Africa, many of whom

went underground in advance of

last Thursday's development, the

police and army have mounted a

search-and-arrest operation on an

Organisations whose leaders are

now in hiding or under arrest in-

clude the United Democratic Front,

security force operations.

unprecedented scale.

Continued on Page 22 coalition; the End Conscription

trade unions.

Government \*

frican authorities.

One list made available in Lon-

don yesterday included: Father Smangaliso Mkhatshwa of the

tre in Cape Town; Johannes Phate, regional co-ordinator of the Nation-

al Union of Mineworkers; Raymond

Suttner, Johannesburg Democratic Action Committee, and Titus Molo-

lo, executive member of the UDF.

are among those arrested

leader of Britain's Roman Cathol-

D 8523 B

placing to raise £200m

By Andrew Taylor in London

PLANS to raise £200m (\$304m) through an international share placing were announced yesterday More than 30 Roman Catholic by Eurotannel, the Anglo-French consortium that earlier this year clergy, lay workers and students Yesterday, Cardinal Basil Hume

won a mandate from the British and French governments to build a rail tunnel under the Channel between England and France. The consortium, which is nego

ics, protested "in the strongest terms" and called for "strong and effective pressures - economic, moral and political - to be brought tiating to raise up to £5bn of loans and standby finance from a consortium of 38 international banks, exto bear at once on the South African pects to conclude the placing some time near July 24. About 280 fund managers are to

Anti-apartheid groups in London were attempting yesterday to pool their information about police and army operations. Details remain sektchy, with home and husiness tolembase mentiod and functions be approached in the UK with about 70 per cent of the shares to be sold equally between British and French institutions. The remaining telephones reported out of order in many cases. 30 per cent, about £50m, will be placed elsewhere in Continental Europe and in Japan and the US.

However, early lists of detainees gave an indication of both the geog-Shares are likely to cost FFr 120 (\$17) each. The sterling equivalent, currently about £11.18 a share, will be calculated just before the shares raphical spread of the exercise and the nrganisations apparently re-garded as subversive by the South are issued. Dividends will not be paid until

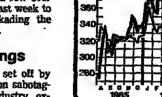
after the tunnel is opened with an initial net yield forecast on the plac ing price of about 9.6 per cent in 1994. Lord Pennock, joint chairman Southern African Catholic Bishop's Conference; Mr Mike Evans of the of Eurotunnel, said in London yes-End Conscription Campaign; Sue Myrdal of the Legal Resources Centerday that the new shares were forecast to yield between 16 and 20 per cent overall between now and the end of the 55-year tunnel con-

> The issue will be handled by Mor-gan Granfell and Robert Fleming in the UK with Scrimgeour Kemp-Gee and Fielding Newson Smith as bro-kers. Banque Indosuez, Crédit Ly-onnais and Banque Nationale de Paris will handle the issue in

France Bank finance would be condition al on the consortium's raising at least £550m in equity. Eurotunnel plans to raise £1bn with a £772m public offer proposed for next summer when a listing is likely to be sought on the London and Paris stock exchanges. Founding share-holders in Eurotunnel have already

agreed to subscribe £28m in equity. on new investment in the Republic. Negotiations with European, Jap-





ploded in the holiday resorts of Marbella and Alicante. No one was **PLATINUM** and gold prices fell sharply on conclusions that the

was fixed \$16.75 down at \$432.25 an ple injured in Santiago, Chile, when ounce and gold closed \$8 lower at a bomb exploded in an under \$339.75. Gold also fell in Zurich from \$339.25 to \$346.35. In New York, the Comer August settlement was \$337.50. Page 38

stocks were active although the Nikkel average shed 20,37 to 17,185.60. Page 46 LONDON equities had a strong

Platinum

In a sermon at St Mary's Cathedral in Johannesburg, Bishop Des-mond Tutz described the situation

the conduct of security forces without prior permission from the authe

The Bureau of Information said lem community were attending the the official account of the day's un-service after being warned that it rest would be given only at the dai-y briefing today. was an illegal meeting, and that people had been warned to disly briefing today.

At yesterday'a briefing, Brig Mel-let said that eight blacks had died number of windows in the mosque in unrest during the previous 24 to be broken and teargas and hours, five in black-against-black smoke canisters were thrown in-

#### **Railway blaze**

Hundreds of tonnes of petrol and paraffin caught fire near a residential area near Sundsvall, northern Sweden, when a freight train was derailed

#### **Red Brigades trial**

Leaders of Italy's extremist Red Brigades faced a mass trial covering five years of urban guerrilla violence in Rome including the 1978 assassination of statesman Aldo Mora.

#### Return to work

Swedish bealth and social workers said they would return to work after mediators appealed to them to end a 26-day strike thet closed hos-pitals and local government offices.

#### Strike crumbles

A five-day strike over pay by pilots and flight engineers of Olympic Airways appeared to be crumhling as the Greek state-run airline announced that almost 60 per cent of its scheduled flights would take place.

Gas stoppage

Gas workers in Lisbon began a can Airlines of siphoning off millischeduled, week-long strike, cutting supplies to factories, shops and homes throughout the Portuguese system. Page 23 capital in support of a 20 per cent pay rise.

#### **Radioactive fish**

Norwegian authorities said high radiation levels had been found in freshwater fish since the accident at the Soviet Union's Chernobyl nuclear plant and advised Norwegians against eating some fish. Bulgarian reactors, Page 2

GUINNESS, diversified brewing and retailing group, announced first-half taxable profits showing a 68 per cent rise to C59.5m, matching forecasts. Page 28; Lex, Page 22

#### CONTENTS

IBM chose its plant at Havant in munity and promised an early deci-sion on the necessary legislation. The plans, presented by Mr Jacques Delors, president of the Eu-ropean Commission, would remove southern England as the sole worldwide manufacturing base for a new compact memory system to be used with its System/38 computer range, Page 22

BOMBARDIER, Canadian transit system and defence group, is nego-tiating a joint venture with Daihatsu of Japan to produce a small car.

**DELTA AIRLINES** accused Amerions of dollars of revenues from othcapital movements - while still al-lowing individual countries to imer US carriers through the use of its Sabre computerised reservation

COCA-COLA plans to buy its bot-The finance ministers gave a tling franchises from BCI Holdings for about \$1bn to forestall prospecmuch more dubious reception to the idea of bringing indirect taxation tive purchasers. Page 23

tates closer together, as proposed by Lord Cockfield, the senior Brit-ish Commissioner, as a crucial step towards a genuine common market. by 1992. They were presented with a re-port by top-level national tax offi-uses area where there would incials saying that no conclusions evitably be different speeds of prog-

EEC finance ministers yesterday gave an enthusiastic first reception to plans for abandoning remaining gested how such tax harmonisation ress by different member-states the newer member-states, such as Greece, Spain, Portugal and Ireland would certainly have to keep their own exchange controls for longer than the older members. The most extreme reaction came

from Denmark, in a paper arguing Mr Giovanni Goria, the Italian Fi-nance Minister, insisted that his that there was no need to bring tax-The panes, president of the Eu-ropean Commission, would remove any remaining restrictions on com-panies floating share issues on any EEC stock exchange, and allow free trading in unlisted securities. They monid also liberalise long-term

Commission proposes to remove all nance ministers to the two initia-remaining national restrictions on tives put forward by the Commis-The ministers ordered the Mone-tary Committee (of senior treasury officials), the Committee of Central tives put forward by the Commis-sion was underlined by Mr H. Onno Bank Governors, and the Commit-Ruding, the Dutch Finance Minishalance-of-payments difficulties. He said the plans for liberalisa tee of National Representatives in Brussels to give their opinions on the first Commission directive by He said the plans for liberalisa-

tion of capital movements won "clear support" in the Council, showing a broad consensus on the the October meeting of the Finance Council. Commission approach to phasing out exchange controls completely

On the tax plans, however, they simply asked for more details from the Commission by April next year. He gave a warning, however, that

Editorial comment, Page 20 EEC trade retaliation targets Page 22

Europe 2, 3 Companies 23, 24 America 4	Currencies	Trade: happy end to French industrial drama	
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- World Guide	Unit Trusts	Tokyo: foreigners sing a new song	

down apartheid, not the South Afri-

can economy." The mandate for the political directors is open for the suggestions of any member state. Mr Hans van den Broek, the Dutch Foreign Minister, said: "Nothing is excluded."

Sir Geoffrey retorted in the Coundiscussion. Britain remains op- cil of Ministers' meeting that "noth-posed to comprehensive economic ing is specifically included, either -boycotts because they do not work." a point enthusiastically endorsed

Britain is predictably the largest importer of such produce from South Africa, consuming more than half the vegetables; Ecu 177m (\$171m) worth out of fruit imports to the whole EEC valued at Ecu 371m; and wine valued at Ecu 3.8m out of total wine imports of Ecu 5.4m from the Republic last year. The overall value of South Afri-

cal prisoners and the lifting of bans on political groups such as the African food and wine sales in its total can National Congress.

**Continued on Page 22** 



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### arrangements with individual credi-tors rather than be forced to accept a package imposed by the Paris Club of creditor nations. Page 6 BANK OF FRANCE lowered its money-market intervention rate by 0.25 point to 7 per cent, adding to pressure on the main commercial banks to cut their base lending rates, currently pegged at 9.6 per cent. Page 3

# **EUROPEAN NEWS**

## Christian Tyler visits Besançon, once home of France's most famous watchmaker French industrial drama has a happy ending

the rubble and broken glass on the floor of the derelict factory lay a dirty yellow price list: gents' and ladies' watches for sale by the watches for sale by the Lip workers' co-operative.

2

Rain was pelting through making connector system broken panes. Under a trade the electronics industry. union banner in the entrance hall someone had scrawled Soles bicots ("dirty wogs"). The villa behind the factory, once the offices of France's most famous watchmakers, is a shambles of fallen plaster and splintered woodwork

For 15 years this factory at Palente in Besancon, capital of failed to halt the march of the eastern department of Le Asian competition, under which Doubs, was the scene of one of the biggest industrial dramas of post-war France.

Besancon itself appears to have weathered the storm. Unem-ployment is 10.4 per cent, among the lowest rates in The struggle of the Lip orkers against the slow death of their industry began in 1971 with a long strike against threatened lay-offs, followed by factory occupations in 1973 and France, and there has been no net loss of jobs in engineering in the past 10 years, according to Le Doubs development 1976. The workers sold FFr 10m (£1m) worth of watches in stock on one occasion to pay

agency.

Besancon's

precision

hemselves wages. Led by Charles Piaget of the gineers, squinted CFDT trade union, and inspired by the mysterious Franciscan and spindles, now make comp worker-friar Jean Raguenez, 1.200 workers in this prosperous valley under the Jura moun-tains stirred passions throughout France. They even won over the mayor and the arch-bishop of Besancon to their over the mayor and the arch-bishop of Besancon to their still makes crowns (winders) cause. It took 10 years for Besancon (bearings) for quartz move-to shake off its notoriety. ments. But it also makes floppy

According to local businessmen today, the clouds parted only in 1981 when the area was chosen A series of factory by Dupont, the French subsioccupations and the diary of the US chemical concreation of a glomerate, for a new factory making connector systems for co-operative at Lip

stirred passions all over But even now, men like Georges Jolivet, former Lip pro-France in the 1970s. duction manager with 25 years Now, the current of in the company, cannot speak of the affair without bitterness. industrial change has It was the theft of the cen tury. For me it is a very bad memory," he said. produced an effect that few then would The Lip workers may have

probably have expected French and Swiss clockwork was replaced by quartz electro-nics made mainly in Japan. But

disk readers for IBM Europe, and its proficiency at laser-drilling has encouraged it to build laser machines for sale on its own account. Likewise Matra Horologerie in the nearby mountain villages of Mortean has given up making movements, and turns out cases

and straps. With seven brand names, it still claims more than 40 per cent of the domestic market. It has become, in over miniature cogs effect, an engineering fashion house: indeed Matra is probably the anonymous maker of many of the haute couture watches old under names, like Yves

the current of change

operative, set up in 1977, still other co-operatives. exists, rehoused on the other Lip's research team eventually side of the city. It now employs broke away to set up a research only 110 people, of whom 80 and development company are survivors of the struggle. called Statice (meaning "per It made its last watch on April petual flower "). The original 13 and now turns out industrial nine are now 22 strong, and micro-components, like any other subcontractor in the

The famous watch brand name was sold in 1984 to an assembler in Mortean that

wanted an upmarket companion for its Kipler brand timepieces sold in supermarkets. Shorn of its managers and technicians, the co-operative had run into further trouble in 1983, when its present chief executive Mr Maurice Chaniot was recruited from big business. "It's been a painful and costly conversion," Mr Chaniot said. "I think I can make money, but research."

will be bard." Propped up by a FFr 15m loan at slightly under market rates. Lip is buying its buildings from the municipality and the Chamber of Commerce over 15 Mr Chaniot himself believes

in the co-operative Idea: be

growth in Most of Switzerland By William Duliforce in Geneva THE SWISS economy is head ing for stable growth in the ing for stable growth in the ensuing months, according to the latest batch of official statistics. They give backing for the prevalent assumption that the Swiss franc will coa-tinue to be firm on the curproduce a baffling array of gadgets for the medical, nuclear and electronic industries in a

Economy

heads for

rency exchang

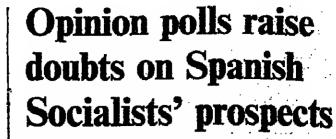
faturistic steller on the out skirts of town. "When we started we were regarded as traitors by the

The principal factors inder-pinning the health of the economy are the falls in oil prices and in interest rates abroad, both of which have helped sustain demand for Swiss exports longer than might have been expected. other union members," said Mr Alphonse Petitjean, an expert in new materials. "But they have some regard for us now and we are known all over France for our work here. The notoriety of Lip helped us, too, because Lip was famous for its Almost the only negative indicator is a slight decline in

indicator is a sugnt decime in new industrial orders during the first quarter. The results of the latest survey by the Federal Office for Industry and Crafts were "in general less good" than those for the last quarter of 1985. Charles Plaget, the union leader, has retired. Brother Raguenez, the friar, worked for one of the smaller co-operatives until three years ago. He is now said to be "on subbatical." The ruined factory of Palente me headth he the mericipality In contrast, the inflation and was bought by the municipality last year. A board outside pro-

unemployment rates declined again last month and the trade again last month and the trade deficit for the first five months at SFr 3.55bn (fillon) was roughly 10 per cent lower than in the corresponding period last claims it as a future nursery for micro-electronics entrepreneurs Mr Fred Lipmann, the dynamic but over-ambitious boss of what was once France's largest watchmaker, and whose decision to sack 200 wor-Full balance of payment

figures for the period are not yet available but Switzerland's kers precipitated the struggle, left shortly after it began. Nearly 80 years old now, he winters in Cannes. income from services regularly leaves it with a substantial surplus on the current account.



BY DAVID WHITE IN MADRID

strong gains, especially in the Castile-Leon region and is expected to raise its seats from two to at least 15 and DOUBTS AS to whether Spain's Socialists can repeat their absolute majority of seats next Sunday are raised in a contradictory series of opinion possibly up to at man 15 and possibly up to 32. By contrast, the new Democratic Reformist party (PRD) is not given more than eight seats by the most optimite formation polls published in national newspapers. The three polls, based

similar samples of 5,000-6,000 voters, come to radically optimistic forecasts The principal factors under voters, come to refically different conclusions about the Convergencia i Unio, could increase its 12 seats to as many Socialist share of the general election vote. One poll shows it being sustained at 48 per cent while the other shows it cut to 40 or 41 per cent.

increase its 12 sets to as many as 20, according to both the Ya and El Pais polls. The result in Catalonia produces the biggest divergence between the polls, with Diario 16 forecasting a clear Socialist win as in 1982 and Ya's poll predicting a Socialist defeat. The most favourable to the ruling party, published in the Centrist Diario 16, indicates the Socialists could obtain up Another party poised to play a key role if the elections pro-duce no outright majority-the

the Socialists could obtain up to their 1982 total of 202 seats, while the most negative pub-lished in the Catholic Ya shows them dropping to 158 seats-well below the 176 needed for an outright majority. The third poll in the largest circulation daily El Pais, puts the Socialists in e precarious range of between 167 and 194 seats. Basque Nationalist Party-is broady seen maintaining its position of fours years ago when it won eight seats, while Herri Batasuna, which is aligned with

the Eta terrorist organisation and which refuses to occupy seats in parliament, is expected to increase its total from two seats The polls broadly agree, in predicting e small but not drastic drop for the right-wing Popular Coalition, a strong comeback for Mr Adolfo Suarez, the former Prime Minister, a to increase its total from to between three and five. The Communist - dominated United Left is seen improving on the Communists' 1982 score recovery by the Communists in their new alliance with other of under 4 per cent, regaining some seats but not as many a left-wing parties, and an the 23 it had before. advance by the extremist Mr Santiago Carrillo, Basque Group Herri Batasuna veteran former Commun (Popular Unity). Popular Coalition, with 23-24 separate platform, is per cent of the vote compared expected to retain his set. In Ardeludia which is his set. the 23 it had before. Mr Santiago Carrillo, the veteran former Communist leader, who is fighting on a

to 26 per cent four years ago, is seen losing between one and In Andalucia, which is hold-ing simultaneous regional elec-23 sents compared with the previous 106. tions, the Socialists expected to come close Mr Suarez's Democratic and their previous Social Centre (CDS) shows majority.

hare fLo

## **Polish economic planners** seek more radical policies BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S Planning Commison, under fire from economic reformers for its original cantious draft of the 1986-1990 plan, is working on a new more radical version to be presented for debate at the Communist Party Congress at the end of

this month. The original draft plan has been criticised for retaining too great a measure of central control over distribution of goods and raw materials without due regard to' introducing realistic prices aimed at inducing effici-

tive economic country body a government advisory body which urges a stoep 15 per

Traditional investment patterns favouring heavy industry have also been criticised as a threat to the modest progress

The Communist Party Congress could thus see a continuation of the criticism of the Government and open the way to widespread ministerial changes.

Its sister party in Catalonia

Meanwhile. the Planning Commission has made no secret. new version is figwed by the risk of provoking unrest and may yet look for compron policies.

These are suggested by a report published at the weekend by the Government's consulta-tive economic council, (KRG),

in the first two years of the

describes it as a structure that favours different social relations, producing better economic performance. "But it's nents to tolerances of a few microns for multinational com-panies like IBM and General Motors or the vast local fac-tories of Peugeot. Solid inder mans and Cartier. The Lip workers themselves have also been swept along in odd that the idea is so little developed here, the area that produced tha Utopians Fourrier and Pron indsutrial Another 100 former Lip wor-kers are employed in three The original workers co-AGAIN, RECORD RESULTS FROM WEDGWOOD.

# THE PATTERN OF GROWTH CONTINUES.

HE directors of Wedgwood announce a further increase in sales, profit and dividends for the year to 29th March 1986.

Profit before taxation was £19.5 million as against £15.1 million in 1984/85, an increase of 29%.

Earnings per share were 30.6p compared with 21.2p in 1984/85 and 14.6p in the year before that.

As a result of the strengthening of sterling against major foreign currencies sales at £152 million have progressed more than appears from the bald figures. Home market sales increased by 13% and sales overseas increased by 7%.

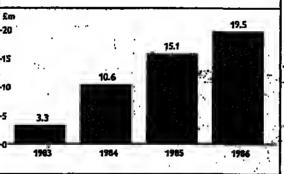
There has been an excellent start to the current year and the order book remains strong.

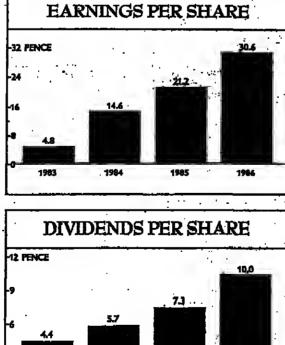
The continuing growth pattern has encouraged the directors to recommend the payment of a final dividend of 7 pence per share on the share capital as increased by the rights issue. This makes a total of 10 pence for the year compared with 7.25p last year.

An outstandingly successful performance has substantially increased the group's share of the home market and for the second year running record sales figures were achieved in Australia, Canada and Japan.

The United States company has







1984 1985 Wedgwood

retained its strong position in what is still by far the group's most important and most competitive export market.

Holland enjoyed a record year and Italy and France have progressed. strongly.

The prolific manner in which new product ranges have been created by ourdesign team and introduced in world markets, has played an important part in the group's increasing turnover and profitability.

The capital expenditure programme announced at the time of the rights issue is well advanced and in addition there have been further developments in combining craftsmanship with modern technology. Tableware as well as giftware is now being fast fired with considerable savings in energy and other costs:

The company is full of health and vigour. We have a highly motivated and skilled workforce, a strong professional management team, sound investment in our factories and a marketing strength at home and overseas which is without parallel in our industry. The directors are looking for further improvement in trading results in 1986/87.

Extracts from the Report and Accounts for the year to 29th March 1986 and the statement to shareholders by Sir Arthur Bryan, Chairman.

made since 1981.

made since 1981. The Government has been defending its approach by watn-ing that attempts to balance supply and demand by reducing subsidies and raising prices on the scale demanded by some reformers would lead to social

norest, Recently, professional groups

Recently, professional groups such as the Polish Economic Society have called for the re-forms to be given a decisive impetus and criticised the Planning Commission's pro-posed plan. The government also went on the defensive when on May 31,-Gen Wojciech Jaruzelski, the party leader, criticised minis-tries, without naming them, for their conservatism,

plan, leveling down to a 34 per cent inflation rate by 1990. The price increases would take in a major growth in energy costs aimed at conserv-ing fuel and further devaluation of the Delicit further devaluation of the Polish Zloty.

Basic foods, the KRG argues, should remain relatively stable, but it presses for sharp in-creases in the prices of durable consumer goods simed at balancing demand.

balancing demand. The KRG also wants drastic cuts in capital investment pro-jects with more than two years to completion, many of which have over the past five years been fiercely, defended by the conservative industrial lobbies It also wants a shift to capital spending on export and sumer goods production.

## Bulgaria takes steps to shield nuclear reactors BY LESUE COLITY IN BERLIN

Mr Todoriev said the new VVER 1,000 Mw reactors were of a "new quality" based on "extremely high safety standards." He noted that even before the muclear accident at Chernobyl, Bulgaria and the Soviet Union had worked out a detailed programme to add safety devices to Bulgaria's 440 Mw reactors during the period they were under repair. He noted that mankind had no reason to halt the expansion of nuclear power output as it was the only way to solve energy problems. Mr Todoriev said Bulgaria had avercome its severe energy STEEL reinforced containment Mr Todoriev said the new buildings are to be erected around the reactors in Bulgaria's new Soviet-designed nuclear power plants, to prevent radioactive leakage into the

Minoscove Activity and the second sec VVER 1,000 mw reactors are to operate inside containment buildings designed to tarp radio-activity "in the event of an accident." The cylindrical reinforced concrete buildings lined with steel sheet will be able to with-stand the impact of an aircaft

crash. Such containment structures are obligatory in the West but net in the Soviet Union and Eastern Europe. The Soviet-designed VVER 440 mw pressurised water reactors which provide all of Eastern Europe's nuclear elec-tricity have been erected both

tricity have been erected both with and without simple con-

fainment vessels. Bulgaria, which generated 30 per cent of its electricity from nuclear energy last year—the highest proportion in Comecon —is constructing two VVER 1,000 Mw reactors at its Kozlodty nuclear power plant, where four 440 Mw units—with out containment buildings—art out containment buildings-are located.

located. Workers from Vietnam, Poland and Cuba have been brought in to help meet the 1987 and 1989 completion dead-lines. Bulgaria is planning to instal two more 1,000 Mw reactors and wants to generate up to 17 per cent, of, its, electricity from

cent of its electricity nuclear energy by the year

had overcome its severe energy shortage of the past two years by restricting electricity use of the largest industrial consumers of energy, and by raising elec-tricity rates for consumers. FINANCIAL TIMES Published by The Financial Tim (Enrope) Ltd., Funktion Branc represented by E. Hugo, Frankfun Main, and, as. members of U Board: of Directory, R. Sario RAF, McCleion, G.T.S. Damer, M. Commen, D.F.P. Salvar, Londo s of the DEP. Palmer. La A 1

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# **EUROPEAN NEWS**

**EEC** small

By Tim Dickson in Brussels

APPROVAL FOR an Ecu 1.5bn (film) tranche of new lending by the European Investment Bank (EIB)—the proceeds of which would go to amall and medium-sized businesses in the Community—is currently being blocked by EEC member-states.

A proposal by the European

Commission, which has been on the table for more than a year, continues to be hogged down in the face of objections from Holland and Germany.

Set up by the Treaty of Rome, the EIB raises the bulk of its funds for lending on the inter-national capital markets and is concerned particularly with the economic development of less privilaged regions.

has run into trouble

▶ The EIB's annual report for 1985 published yesterday showed that total. lending for 1985 was Ecu 7.18bn compared with Ecu 6.9bn in 1984. The lion's share of EIB funds within the Community con-tinnes to go to Italy (almost 44 per cent) with France (18.4 per cent) and the UK (16.6 per cent) the next biggest bens-

cent) the next biggest bene-

business

blocked

funds

# Shares surge on outcome of Lower Saxony poll

#### BY PETER BRUCE IN BONN

polis reise a Spenish

Mille gaught

add of policy

ACCOMPANIED BY a powerful surge in share prices on the Frankfurt Stock Market, West Germany's main political parties withdrew into smoke-filled rooms yesterday to try to draw lessons from Sunday's critical state election in Lower Saxony. On Sunday, the governing Christian Democrats (CDU) emerged needing to form a coalition with the Free Demo-crats to command a majority mich was won the state parliament in Hanover. In Frankfurt, where the mar-

In Frankfurt, where the mar-ket had watched with trepida-tion as Chancellor Helmut Kohl'a CDU fell well behind in the Lower Saxony poils a month ago, share prices rose strongly.

BMW added DM 25 to reach DM 600 (£153) a abare, with Daimier Benz adding DM 31 to reach DM 1,455 and Volkswagen up DM 20, at DM 570. The Com-mertbank index rose 49.7 points Lower ministry.

BY DAVID MARSH IN PARIS

west GERMAN contern over safety of French nuclear power stations along the countries' border is likely to be raised at today's meeting between Presh-dent François Mitterrand and Mr Helmut Kohl, the West German chancellor

Talks between the two

leaders, the latest in a regular series which brings them to-gether on average about once every five weeks, are also ex-

pected to centre on European defence and East-West issues as

Mr Kohl has been put on the defensive since the Chernobyl accident over West Germany's

German chancellor.

well as South Africa.

bourg

to 2,065.8. "The economics ministry Sunday'a vote, probably as wouldn't be bad elther," said good a test of national opinion Mr Martin Bangemann, the ahead of next January's general federal Economics Minister election as is possible, was and FDP leader.

Mitterrand-Kohl talks to

and left-wingers.

nuclear plants.

The

Social

touch on N-power fears

WEST GERMAN concern over Chernobyl mishap.

ACCOMPANIED BY a powerful desperately important to Mr While the FDP again con-

vote it took in the state in the last general election in 1983.

arts of the party. The Greens failed badly in Mr Kohl admitted yesterday that the CDU vote had been hit the state polls in the Saarland and in North Rhine Westphalia by abstentions, certainly many by farmers unhappy with the central Government's bandling on Sunday could bave meant of farm price negotiations that the Greens would bave earlier this year in Luxem-been able to put the SPD into

ago, share prices rose strongly. The rise was prompted by the news of the failure of the opposition Social Democrats (SPD) and the radical Greens to dislodge the CDU and the Free Democrats (FDP), with whom the CDU governs in Bona. Motor companies, a good " confidence" barometer because they are also favourites with foreign investors, rose par-ticularly strongly. BMW added DM 25 to reach DM 600 (£153) a abare, with Daimler Benz adding DM 31 to reacb DM 1.455 and Volkswagen un DM 20, at DM 570. The Com

association with the Greens at state level (the State of Heasen is run by an SPD/Green coalition) a few months before the January poll. As it is, the party has been able to lose with some bonour, its share of the vote rising. from 36.5 per cent in 1952 to 42.1 per cent on Sunday. it is demanding to be given the Lower Saxony agriculture

## **Bank of France** acts to lower interest rates

## By David Marsh

THE Bank of France yesterday The Bank of France yesternay lowered its money market, intervention rate by 0.25 per centage points to 7 per cent, adding to pressure on the main commercial banks to cut their base lending rates, presently pegged at 9.6 per cent. Only about 1,000 French ople were estimated to have taken part, made up of a mix-ture of coalminers from northeast France and local ecologists

Democratic The central bank's action is regional government of the Saar in West Germany as well as the Luxembourg town counclearly indicated as a signal to French financial markets, which have weathered a sharp cil bave deposed lawsnits at the administrative court of Stras-bourg to try to block the entry into service of Cattenom. downturn over the past month, that the room for further lowering of credit costs has not yet been exhausted. French officials also yester-

The first 1,300 mW tranche of the power plant is scheduled to day pointed out that the Bank of France was acting unilatercome on stream in October." ally rather than taking part in an international round of

nuclear power policies. He is The nub of the court case is unlikely to make any pressing that the plant's radioactive demands oo Mr Mitterrand over emission levels will exceed the future of France's Cattenom limits laid down in West Gerinterest rate cuts. Mr James Baker, the US Treasury Secretary, has re-cently put the onus on Euro-pean countries, led by West Germany but also including France, to take the next move in cutting rates. and West German though they will remain within the wider limits drawn np in

**Hopes rise on Turkish-EEC links** 

#### BY DAVID BARCHARD IN ANKARA

BY THE end of this week, political relations. Turkisb in-Turkey will know whether or dustrialists who are facing the not its recent improvement in loss of some previously lucra-lis relations with the European tive markets in the Middle East, Community is going to be auch as that in lred, now view maintained. closely linked to access to the much larger markets of West-

The Turks hope that yester-day's meeting of EEC foreign ministers in Brussels will bave produced agreement to bold a meeting of the Turkey-EEC Joint Association Council in ern Europe In May this year, Turkey and the Community, for the first time, reached amicable agreement on aelf-regulation for Turkish textile exports to the Community.

Joint Association Council in the autumn of this year. The cooncil—the governing body of the Turkish-EEC Association—has not met since 1980. Though there has been a considerable improvement in the past three months in the atmosphere between Brussels and Ankara, four major sets of problems still loom. The Turks hope that these Turkish industrialists now seem to feel that the way and understanding.

The Turks bope that these will be resolved in the second half of this week when the EEC's Commissioner for South European and Mediterranean Affairs. Mr Claude Cheysson, arrives in Ankara. Major hopes are being pinned to Mr Cheysson's three-day visit.

Ankara wants to reactivate the association agreement, virtually

defunct since the late 1970s. Hope that the flow of Euro-pean Community aid will be revived is one factor behind this desire. About \$530m (£353m)

ing political bargain may be being batched.

ing political bargain may be being batched. Mr Demirel has not been shown on Turkisb television alnee the corp which ousted blm as Prime Minister In September being batched. Mr Demirel has not been shown on Turkisb television alnee the corp which ousted blm as Prime Minister In September being batched. Mr Demirel has not been shown on Turkisb television alnee the corp which ousted blm as Prime Minister In September being batched. Mr Demirel has not been state information service. Depo-ter the value of the prime Minister being batched. Mr Demirel has not been state information service. Depo-ter the value of the prime Minister being batched. Mr Demirel's followers if he plain that they are excluded does not win Turkey's next

Mr Bulent Ecevit, the Social Democrat former Prime Minister, still bas to make his first post-coup TV appearance. One newspaper predicted this was being planned for mid-July.



commitment was agreed to by

forward to increased trade with Europe lies in mutual goodwill Ozal ... warning to industry

Mr Chevsson's visit is being lems to be discussed with Mr Cheysson remains formidable. made at the request of a number of top Istanbul Indus-trialists who visited Brussels in the last quarter of 1985. Top of the list is the question of discrimination against the Greek ethnic minority in Istanbul. A secret government in the last quarter of 1985. The Turks also wisb to open the way for Turkey to become a full member of the Com-munity in the nnt-too-distant future. This apriag. Mr Turgut Ozal, the Turkisb Prime Minister, warned Turkish industry to assume that the country would be a full mem-ber of the EEC within 10 years. Some Turks believe that the Brocess of accession may take Ankara is now believed to the Greek ethnic minority in Istanbul. A secret government decree of January 1964, re-issued (thongh never pub-issued (thongh never pub-issued the issue this spring to block the normalisa-tion of Turkey'a relations with the Community. Community.



the Community 13 years ago. In theory, from December 1st, Turkisb wurkers will be able to seek work freely anywhere inside the Community. Turkey has regarded this as a trump card until recently, feeling that in return for dropping insistence on unrestricted labour movement, it could extract major political and economic concessions. Negotiations over the issue

have been largely confined to the West Germans who bave the largest population of Turkish workers in Europe. But the West German line has

But the West German line has bardened in recent months. The third issue is tariff reductions. In theory, Turkey is more than balf-way through a programmed timetable of tariff reductions which lead up to a customs union in 1995.

Though some import tariffs have been cut, there has been no element of preferentiality for the European Community -and Mr Ozal's Government has alapped a series of major



surcharges on specified imports to finance extra - budgetary government funds.

Mr Cheysson this week will probably try to persuade Turkey to move alowly on a possible application and to try in speed up progress on the trade and political issues at present dividing Turkey from

# economic development of less privileged regions. Since 1979, it has also been acting as an agent for the Com-munity in granting loans under the so-called New Community Instrument (NCI). The money for NCI is also raised on international markets but the scope of eligible pro-jects is slightly wider than that for lending from the EIB's "own resources." revived is one factor behind this desire. About \$530m (£353m) of Community aid bas been blocked since 1881. A much more potent influence, however, is the desire bo stimulate commercial and However, the agenda of prob-inside the Community. This of Community aid blocked since 1981. resources." This is targeted spefically at such areas as regional develop-meot, energy conservation, and environmental protection, whereas under NIC, all small-and medium-sized enterprises can qualify. Three NIC trancbes have been approved by the Com-munity since 1979 but the latest has run into trouble Demirel on TV fuels talk of political deal

BY OUR ANKARA CORRESPONDENT A SURPRISE television appear-ance by the former Prime Minister, Mr Suleyman Demirel, bas triggered banner headlines mator bydro-electrical project in mator bydro-electrical project in bas triggered banner headlines bas bas triggered banner headlines by by bas triggered banner headlines by by bas triggered banner headlines bas triggered banne

But officiais in Paris said the France. subject would probably come up in the talks, to be beld at Rambouillet south-west of Paris.

nuclear plant near the Luxem-

A demonstration on Sunday to protest against the plant ---planned to group four 1,300 Mw reactors-drew 10,000 people, most of them from West Germany and Luxembourg.

Sunday's demonstration at The latest demonstration against the Cattenom plant on the against Cattenom follows Moselle river confirmed the another anti-nuclear protest on weakness of the French anti- the Rhine near Strasbourg last nuclear movement in spite of month where German opponents the controversy over the again far outnumbered French.

Officials at Electricité de France, the state-owned atility, play down the importance of the court case but say they believe it is the first time official bodies from outside the

France, to take the next move in cutting rates. The Bank of France said the latest fall in the money market intervention rate, which follows a 0.25 point cut on May 15, was justified by the current strength of the franc within the European Monetary System and by further progress in reducing inflation. Consumer prices in May rose 0.2 per cent, according to country have tried to block entry into service of French Cattenom follows

**PSA GROUP** CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR 1985

(1) Consolidated profit and loss account The group net profit for the year 1985 amounted to FF 543m.

For 1954, the coosolidated results were a loss of FF 1,116m. before the application of carry-back. The improvement of the consolidated results from 1984

to 1985 can therefore be evaluated at FF 1,659m.

The consolidated sales figures for 1985 amounted to FF 100.295m; an improvement of 10% over 1984 which was FF 91,111m.

The socrease in operational costs was limited to 8.8% and was therefore less than that of sales. Consequently, the nperating margin improved by approximately 40%, as last year, and amounted to FF4,717m. instead of FF \$,348m. in 1984.

In total the profit before tax was FF 598m. compared to a loss of FF 954m. in the prior year.

#### (2) Financing

In applying the policy of modernising the industrial asset base and expanding the model ranges of the two Automobile divisions of the group, the investment in fixed Automotion avisions of the group, the investment in incu assets followed and, in fact, surpassed, the increased level already experienced last year; ao amount of FF 5,884m., 46% more than in 1984. With the lovestment in develop-ment and the purchase of shares in aubsidiaries, the total investment for the year amounted to FF 7,238m.

To cover the financing requirements, the permanent source of funds was increased to FF 10,701m, which represented a figure of more than double that of 1984. In the source of funds the part generated internally was FF 5,206m., of which FF 4.240m. (including previous losses) was gross margin: an increase of 92% over last year.

At the same time, the working capital requirement was reduced by FF 1,621m. or nearly 20% following the effort made to reduce stock levels.

Coosequently, the excess of the permanent source of funds over the fixed asset requirements and the reduction in working capital produced an improvement in the treasury position of FF 5,084m. of which FF 977m. was due to an increase in cash on hand and FF4,107m. due to a reduction of the short-term debts.

#### (3) Balance sheet

The balance sheet as at the 31st December 1985 showed the shareholders' equity at FF 6,682m., an increase of 20% compared to last year.

The company's debt position, which bad been constantly on the increase in previous years, has now stabilised. At the year-end, after eliminatiog cash and short-term iovesiments, it amounted to FF 32,452m, instead of FF 33,057m, the year before, a reduction of 2%.

Consumer prices in May rose 0.2 per cent, according to better-than-expected provisional figures issued last week, bring-ing the year-on-year inflation rate down to 2.3 per cent. French money supply figures bave also shown a tapering-off in higher-than-planned mone-tary growth, with the M2 aggre-gate rising by 5.3 per cent during the three months to April compared with the February-April period last year. year.

year. This is still, bowever, slightly above the 5 per cent target rate which Mr Edouard Balladur, the Finance Minister, bas set for 1986.

## China to hold safeguards

#### meeting soon By Patrick Blum in Vienna

CHINA and the Insternational Atomic Energy Agency (IAEA) will bold a first round of talks in Peking in August on future inspections of some of its nuclear facilities, Dr Hans Blix, the IAEA's secretary-general said yesterday. At the IAEA's annual con-

ference last September China announced it would allow international inspection of some of its noclear installations.

The August talks will seek to establish the basis for future inspections under the IAEA's "safeguards régime" which aims to ensure that nuclear materialls are not diverted for

Until now, China was the only nuclear-weapons state not allowing such inspections. Britain, France, the US, and,

China has only a few research China has only a few research reactors and some nuclear laboratories, but it also has an important nuclear development programme. Construction of a first 300Mw

pressurised water reactor at Qinshan began in February 1984 and it is to be connected to the electricity grid in 1989. Dr Blix also and that the agency's board of governors bad agreed to recommend an Increase of \$2m (f1.3m) in the agency's budget for safety-related work in 1987,

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since last year, the Soviet Union, voluntarily allow some inspection

# **AMERICAN NEWS**

# Budgetary and time constraints are provoking debate in Washington, reports Peter Marsh Shuttle disaster deepens doubt on Star Wars

"THE CHALLENGER accident dent's entreaties, Congress is bas shown we are still space expected to allocale to Star pioneers, not star warriors." Wars no more than about This remark from a Congres- \$3.5bn. sional aide, referring to The January's space shuttle ex- include

The President's proposals include a request for \$4.85n for plosion, sums up some of the the Pentagon and \$600m to be difficulties facing President spent by the Department of Ronald Reagan in preserving Energy, but according to some Washington onlookers, the arguments may be irrelevant to entbusiasm for his anti-missile Star Wars project, formally called the Strategic Defence Inthe main issues.

itiative. The Jannary mishap, which has resulted in a suspension of all shuttle flights for at least the next year, "has led to a marked reduction in the US's Mr John Pike, a space policy analyst at the Federation of American Scientists, says that the Administration's hudget request contains about \$20n of "fat" - programmes not vital acceptance of large-scale techto the main drive of the pro-ject and which the Pentagon nology programmes," accord-ing to Dr David Webb, a space thinks could be secrificed. consultant and a member of President Reagan's National

One andoubted result of the Challenger disaster, however, is According to many observers, the accident may increase scepticism about whether the ambitious technical goals of SDI are achievable aod lead to a reduction of enthusiasm for the priect in Congress to hold up some of the Star Wars experiments which the Wars experiments which the Peotagon has scheduled for the next two years, several of which require shuttles to lift objects into space. The space experi-ments include tests of sensors to determine whether Soviet missiles can be tracked accur-ted to the pruise above the

a reduction of enthusiasm for the project in Congress. In recent weeks, President Reagan has voiced his deter-mination thal the Star Wars planned, despite the threat of cuts in the \$5.4bn which he wants to spend on the pro-gramme in the financial year becoming in October The SDI The Pentagon may also need the shuttles for a "space spec-ucular" which it is believed to be planning, to demonstrate how a ground-based laser can destroy a target in space. In this experiment, high-energy light from a laser based on a free-electron device would be directed towards a missile by

or schend, is intended to devise a shield based on exotic devices such as laser guns and rockets to defend the West against nuclear missiles.

SPACE-LASED RELAY )

Free Electron Laser Weapon

ingly ambitions nature of the original goals.

Presidenl Reagan's aim for SDI, was to complete the research phase within five years, so that the US could decide in the early 1990s whether deployment was forcible feasible.

to defend the West against directed towards a missile by reasible. nuclear missiles. The entire UK defence which a shuttle would deploy. The effects of the the Reagan Administration may Webb, the consultant, progress have difficulty keeping to its is unlikely to be rapid enough which is limiting US public because of the shuttle delay, shield until well after the year apending. In spite of the Presi-

progress in a set number of months.

The organisation has also cut back on more esoleric projects and concentrated on lechnologies which appear to offer the most promise in the short term.

promise in the short term. Professor Ashton Carter of Harvard University, a prominent opponents of Star Wars, criticises the concentralion on a few large-scale prostunts which are intended to be pro-tions of technology. Many of the SDI projects now receiving favour in the Pentagon are little more than technical stunts which are intended to be programme in the pentagone keep the programme in the public eye and shore up support, he says,

"There is a feeling in Congress of 'Why the rush?," says Mr Doug Waller, an assistant to Senator William Proximire, who has opposed increased spen on Star Wars. According to Mr Waller, the US should continue the programme at a lower level of spending

SDI advocates see these move GROUND-BASED FEL INSTALLATION Costs of putting lbe system in place could well dissuade the US from doing so. In the past year or so, the Pentagon body, known as the SDI advocates see these moves as thinly-disguised efforts to kill of the project. It is believed that the SDI Organisation wants to keep up spending as near to the Presideot's request as pos-sible. to maintain a high profile for Star Wars until after 1998, when a new President will be in the White House. This strategy involves hard

This strategy involves hand-SDI Organisation, has increase this strategy into the aero-ingly given the impression of ing out big contracts to the aero-being in a hurry to complete its brief. Lt General James mitted to keep up the momeo-the organisation of the aero-so far about \$5bn has been com-

up before the election, the better will be the chances of papies can be summarily cut off Star Wars remaining in favour if they fail to make sufficient with the new incumbent.

STATE .

## Argentina likely to draw last part of IMF loan

#### BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

Buenos Aires. Argentina badly needs the waiver in order to draw a further \$600m from its commercial bank creditors by the end of the month when last year's \$1.2bn Ioan agreement is due to lapse. Bankers said the IMF was

unlikely 10 want a showd with Argentina over missed policy targets at a time when it is baving to concentrate its policy conditions. However, efforts on persuading Mexico to bankers believe that such a pro- reach an economic policy posal will be put to the IMF's agreement agreement

# Reagan meets Afghan

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INTERNATIONAL



# Subordinated Floating Rate Serial Notes 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 12th June 1986 to 11th December 1986 the Notes will carry an Interest Rate of 9% per cent, per annum, The interest amount payable on the relevant Interest Payment Date, which will be 12th December 1986, is £247.55 for each Note of £5,000 and £2,475.51 for each Note of £50.000.

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FINANCIALTIMES

**EUROPE'S BUSINESS NEWSPAPER** 



Nicaragua." But his request has run into new trouble with allegations that previous aid designated for "humanitarian purposes" has been

week.

guerrillas

By Nancy Dunne in Washington

PRESIDENT Ronald Reagan

yesterday dramatised his com-

mitment to anti-Communist

movements by inviting to the White House both leaders of the

Afghan resistance alliance and

congressional supporters of aid for the US-backed Nicaraguan

A spokesman for the Washing-on-based Committee for a Free man for the Washing-

Afghanistan said the visiting

guerrilla fighters were seeking political support and bumanitar-ian assistance, and not, necessar-

However, the Afghans are known to be in critical need of

anti-aircraft weapons for use against Soviet helicopters and jet

lighter aircraft. The US is believed to have provided handreds of millions of dollars of covert

The delegation, headed by Mr Burhannddin Rabbani, present leader of the famiat-I-Islami,

met yesterday Mr George Shnitz, the Secretary of State, and Mr Michael Armacost, his Under-

The President is once again

pushing his request for \$100m in aid to the rebel Contras, and the House, which has balked at pro-

viding the funding, is expected to

reconsider the request next

At a press conference last week, the President declared that the time had come "for an

up-or-down vote on freedom in

military aid in the past.

rebels.

ily, weapons.

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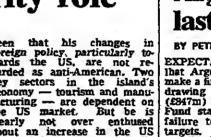
misspent. The Administration's Nicaraguan policy has also come under fire in a report issued by two Washington-based think-tanks, the Centre for International Policy and the Overseas Develop-ment Council. According to the report, the US

trade embargo against Nicaragua has been "a net loss" for US policy because, instead of weake and isolating the Sandinistas, the measure "has prompted more di-versified and potentially stronger Nicaraguan trade links." **Barbados reviews security role** BY CANUTE JAMES IN KINGSTON

beginning in October. The SDI project, which will cost a lotal of \$26bn, is intended to devise

MR ERROL BARROW, newly to a standing army with head-elected Prime Minister of quarters in Barbados. Barbados, is to review his Although the invasion of wards the US, are not re-country's participation in the Grenzda was backed by his System (RSS). The move is at Barrow himself had reser-economy — tourism and manu-odds with the recent conser-vative, pro-US trend in the Regional Security System very Caribbean aod may cause con-cern in Washington. The RSS, which is equipped recently.

vative, pro-05 data Caribbean and may cause con-trived in Washington," be saw The RSS, which is equipped and trained by the US, was set Up shortly after the US in-vasion of Grenada in October ting down and telling us what 1983. It is inteeded as a we should have in the eastern down insurrection in any of its to reduce the Barbados army to seven eastern Caribbean one sixth its present comple-seven eastern Caribbean one sixth its present comple-members. The seven contribute troops Mr Barrow is apparently he said.

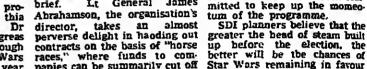


weekend without any formal an-nouncement that the IMF was prepared to walve the economic

STILL YOUNG TURK S

EXPECTATIONS are growing executive board once a formal lbat Argentina will be able to request is received from lbat Argentina will be able to make a final SDR 237m (£182m) drawing on its SDR I.1bn (£847m) International Monetary Fund standby loan despite its failure to meet key economic

targets. Talks between the IMF and Mr Jose Lnis Machinea, Argen-tina's Underscreelary of Economic Affairs, ended at the



SDI Organisation, has increas-

# OTTOMASUSCHE ACTUEL-AFOFYMI GESTELLISCHAPT (DAMIONTALINE STATESTATES SUERAS Von 2 Mai 1858 J. LE SULTAN ACTILN CAPITAL FRS. 10.000.000 APITAL SOCIAL FRANCS 10 000 000 II Ludsappi a FRS SEC. Her In Emissionize Vet. SOD. TRS 590 ADCO ACCER IV Emusion & PPS 500. nel 4000 Action V. Excession 24 FES 500 Hout In S Abschultt an Ein Actien Abschmitt Une Coupure d'Action and Liebsebrunger. Fainfler Abschnitt der Actie su porteur. Cinquième Coupuse de l'Action

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Model	Engine size(cc)	Cylinders	Horsepower (DIN)	"Euromix" Fuel Consumption"	Top speed (mph)
190D	1997	4	72	42.2 mpg	100
190D 2.5	2497	5	90	39.8 mpg	108
250D	2497	5	90	39.8 mpg	109
300D	2996	6	109	38.7 mpg	118
250TD	2497	5	90	36.7 mpg	103

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Official Fuel Consumption Figures, # 5-speed manual (Amy 100Am), 1900: Urban 35-87793, 56 mph 53.315.33, 75 mph 40.9 (6.9), 1900 2.5; Urban 32.8 (8.6), 56 mph 51.4 (5.5), 75 mph 39.8 (7.1). 2500: Urban 31.6 (8.9), 56 mph 52.1 (5.4), 75 mph 40.37703, 3000: Urban 29.9 (9.5), 56 mph 52.5 (5.4), 75 mph 40.6770, 26070; Urban 29.7 (9.5), 56 mph 48.7 (5.8), 75 mph 36.2 (7.8), "Euroma" figure 4 sum of 19 Urban, 19.56 mph and 14.75 mph.

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# **OVERSEAS NEWS**

# Robert Thomson reports on the drive for 'one China' Peking polishes Kuomintang image

HISTORY has been refurbished the ambitious aim of luring in Xikou, a mundane township the mainland back into the in Eastern China that had Nationalist fold. learned to live with the shame In recent months, China has

of being the birthplace of the Chiang Kai-Shek.

6

Once regarded as the worst of Nationalist Government, ousted war criminals and an eveny of by the Communists, and has in-China, the generalissimo's repu-tation is being redecorated by China." An inordinate amount Peking. He is now said to have of time was devoted to making played a partly "positive role" impassioned but futile pleas to in history, according to Chinese the Taiwanese kin at the just officials, who caudidly admit completed session of the Nat-that the reinterpretation is part ional People's Congress, that the reinterpretation is part ional of China's plan to lure China Nationalist Taiwan back into the The fold.

The salt shop in which Chiaog led the "anti-Japanese war of was born has been overhauled, aggression" provided the and the family tomh has been Chinese media with an oppor-turned into a tourist attraction, tunity to portray the Kuominwhere visitors can bave their tang contribution in a more photographs taken hy enterpris-ing young men who have set up shop on a card table

Taiwagese President, to visit his again for the great cause of the hometown to "see relatives and peaceful reunification of the

In recent months, China bas been using a broad brush to bated Nationalist Generaliasimo repaint its portrait of the biang Kai-Shek. Kuomintang, the former Once regarded as the worst of Nationalist Government, ousted the former

ional People's China's parliament. Congress, The 40th anniversary last year of the end of what is cal-

Gen

pbotographs taken by enterpris-ing young men who have set up shop on a card table. Through a group of visiting journalists, local officials last month invited Chiang's son, anese, and that the time had Chiang Ching-kuo, the present come for them to "join hands old

saying,

new trial

that's



Chiang . . . partially rehabilitated

, and the older the S1-year-leader hecomes, the history has been in vain. The Talwanese Government will go stronger hecomes the push on calling the Chinese leaders illegal usurpers," and go on from Peking. Part of the "Convince Chiang" campaign includes highlighting what is said to be putting quotation marks around Peking's ministries to give them ring of fraudulence. In the long run, after Deng

Taiwanese President, to visit his hometown to "see relatives and friends, and witness what is going on." President Chiang is unlikely to reply. His Government still officially regards the Com-munists as a "handit regime" Its own reunification policy has

for Xikon, said Chiang " com-

mitted some crimes, but there

# UN to mediate in Greenpeace ment with Britaln for the hand-over of Hong Kong in 1997. They bave said that the

# dispute

economic system will be maintained, and that Taiwan will even be able to keep its army. UNITED Nations Secretary-The turn-around in China's General Mr Javier Perez de tack has been remarkable. Whereas before the better Cenallar said yesterday be would act as a mediator to aspects of Chiang Kai-shek's settle the Rainbow Warrior dispute between France and New Zealand, Reuter reports character had been conveniently overlooked for the sake of propaganda, now some of the more from Paris. gruesome details are glossed

"I believe that the final decisions detailing my role have not been taken yet," Mr Perez de Cuellar said after meeting French Prime Minis-The vice-governor of Zhejiang province, Li Debao, whose administration is responsible ter Jacques Chirac. "But I can confirm that I

is no denying that as a hishave been approached and have agreed to act as media-tor when these decisions have been taken." torical figure he played some positive role in modern Chinese bistory." So far, all this backing at

Relations between France and New Zealand have been near hreaking point since last near meaking point since last July when French agents sank the Greenpeace flagship in Anckland harbour to stop it leading an anti-nuclear flottilla to France's Mururoa Atoll test site.

New Zealand has demanded compensation far what it called an act of state-backed terrorism. Paris insists on repatriation of two agents jailed for 10 years

Dai Hayward adds from Wellington: The Government has introduced legislation abolishing sales tax on hun-dreds of items and commodities in readiness for the introduction of the goods and services tax (GST), New Zealand's version of VAT, in

passengers leaving through New Zealand airports and the

riew zcaland airports and the sales tax proportion of cinema admission prices. Sales tax was first intro-duced as a temporary measure in New Zealand in 1933. It now ranges in value from 74 to 40 per cent of the whole-sale price of most articles.

# Egypt seeks bilateral deals with creditors

#### BY TONY WALKER IN CAIRO

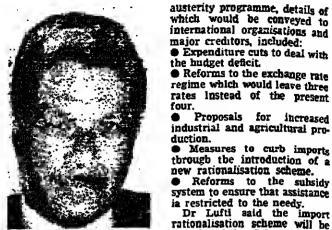
EGYPT is aceking bilateral arrangements with its major international creditors rather than be forced to go to the Paris Cluh and accept a comprebensive rescheduling of its foreign debt, which stands at more than \$30bn (£19.7bn).

Dr Ali Lutfi, Egypt's Prime Minister, said in an exclusive interview that a delegation of senior Egyptian officials would go to Washington soon for discussions with the US, the International Monetary Fund and the World Bank.

Dr Lutfi said the Government was proposing an economic reform programme that would demonstrate it was sincere in its efforts to come to terms with Egypt's difficulties. These include, apart from the foreign debt, a wasteful subsidy system, under-utilisation of existing resources, a chaotic exchange rate system and a budget deficit that threatens to run out of

control. Dr Kamal al Ganzouri, a deputy prime minister, and Minister of Planning and International Co-operation, will head the Egyptian delegation to Washington.

The US provides Egypt with more than \$2hn annually in civil and military aid. Egyptian officials hope the Reagan Administration will lead the way in belping Egypt overcome its immediate financial problems, which have been exacer-



introduced by July 1. Other elements of the economic reform programme would follow by the cnd of August, proposing reform Luth bated hy an alarming fall in its

main hard currency sources of with the exception of proposed changes to the subsidy system oil and tourism. Egypt is likely to face Egypt is likely to face a critical moment either later this year or early next year when the full impact is felt of the oil price slump. Predictions of a financing gap range between \$1.5bn and \$4hn, depending on the state of the oil market. which will take more time. Western officials in Cairo say that Egypt is far from conclud-ing an agreement with the IMF on a standby facility. Desultory diacussions have continued over \$1.5bn and \$4hn, depending on the state of the oil market. Dr Lufti said rescheduling through the offices of the Paris Club—an ioformal group of industrialised countries which negotiates deht relief—is conacceptable." He said it would be like engaging in a

would be like engaging in a rescheduling, although much of the debt is in the form of "striptease." the debt is in Dr Lufti said Egypt's official assistance.

# Australian unions under attack

#### BY EMILIA TAGAZA IN CANBERRA

THE leader. Mr John Howard, yester- system, a markedly reduced role day blamed trade unions for a for the Government, much great part of Australia's economic crisis and for the declina in living standards in greater recognition of our export industries and substan-tial reduction in the power of the country.

militant trade unions which have done so much harm to our economy and have reduced our living standards," he said. He urged a wages pause for the rest of the year and the abandonment of the govern-ment-supported productivity pay rise in his response to Prime Minister Boh Hawke's state-of-the-nation address last Wednes-day He added that the conservative coalition party's industrial policy would encourage small husinesses and their employees to make their own arrangements

He said changes required to on wages and conditions, free of tackle the crisis are more interference from trade unions. fundamental than Mr Hawke He said a conservative governsuggested last week. "These ment would throw ont the anti- seriously as a potential prime changes must include major re- investment elements of the minister.

Australian opposition forms to our industrial relations Hawke Government's tax system system, a markedly reduced role and would immediately relax for the Covernment much restrictions in foreign investment to encourage more direct investment than overseas bor-

rowings. Mr Howard's speech was clouded by the publication yes-terday of a market study which suggested his Liberal Party cannot win an election under his leadership. The study commis-sioned by a group of West Australian businessmen to determine the need for a new conservative party in Australia, concluded that the electorate may see Mr Howard as intelli-gent hut it does not take him

# Indonesia's aid donors gather as economic problems worsen

#### BY MICHAEL BYRNE IN JAKARTA

INDONESIA'S international aid over whether Indonesia will be pect of the oil markets beloing et in the Hague today meet this con terpart funds for project aid. Tha Jakarta Government's 1986-87 austerity budget cut The World Bank projects that Indonesia's deht-service ratio will halloon to 33.3 per cent in against a background of deepen-ing gloom for the world's fifth 1986-87 austerity budget cut overall expenditure by 7 per 1986, before gradually coming back to 32.2 per cent in 1987 and 31.5 per cent in 1988. Indonesia is heavily depenoverall expenditure ny 7 per cent, after a 22 per cent cut in development spending. The budget figures, bowever, were based on an assumed oil price of \$25 a barrel. The World Bank report says that on its own oil price and on Indonesia shows that the country faces a seriously worsening economic plight and that drastic steps are needed to keep the country financially dent on oil revenue. Oil and LNG, even at last year's prices. The World Bank report says that on its own oil price and production estimates (\$13.5 a barrel price and ontput of 1.45m barrels a day). Indo-nesian budgetary revenues from oil and liquefied natural gas (LNG) will fall short of the target by one-third this year. A combination of expenditure reductions and additional bor-rowing would be essential, the bank says. accounted for 70 per cent of Indonesia's gross merchandise exports. Collapse in world oil prices now coofronts Indonesia with precipitous hudgetary problems, the prospect of steeply rising unemployment, minimal growth rates, growing balance of payments deficits and, as the World Bank report repeatedly week's meeting of the inter-governmental group on Indonesia (Iggl). The World Bank recommends that Iggl maintains its aid com-mitmant at \$2.4bn (£1.6bn) and leaves no doubt that Indonesia sorely needs the funds. How-ever, Indonesia realises that Iggi might need more convinc-ing than usual this year. points out, an urgent need for efficient, new export industries. bank says. The World Bank report this The World Bank report this year is unusually critical of inefficiencies and double-think-ing in Indonesian economic management, although it praises the May 6 investment liberalisation package. Two key projections stand out in the 200-page report: Indonesia's public and private debt-service requirement for 1986 will amount to \$5.2bn and is rising, while gross oil and LNG exports are projected to slump from \$12.4bn last year to \$7.7bn this year. Indonesia faces an increase in deht service requirements to Indonesia's economic wees have been compounded by the sharp decline in the collar, the currency in which oil payments currency in which oil payments are made. Its balance of payments deficit is thus likely to worsen to about \$5bn, while it faces the prospect of having to curb im-ports sharply and bear the resultant regime of minimal growth and rising unemploy-ment ing than usual this year. Iggi's yearly assistance to Indonesia is designed as pro-ject aid rather than budgetary ment. bowever, because Indonesia is already behind schedule in its existing project expenditure. Questions are also being asked The World Bank argues the the time has come for Indonesia to implement a regima of eco-nomic efficiency and viahle, nomic efficienc in deht service requirements to \$6.1hn in 1968, without any preslong Iggi member countries

Marcos part in Aquino trial detailed MR FERDINAND MARCOS, several high-ranking officers the former Philippines presi-dent, instructed a judge and a panel of prosecutors to acquit soldiers accused of killing the opposition leader Mr Benigno Aquino in 1983, a prosecutor totd a special commission yesterday, AP reports from Manila.

Mania. Mr Mannel Herrera also told the commission that Mr Marcos ordered prosecutors to charge then-armed forces chief Gen Fabian Ver and

several high-ranking officers as accessories rather than as principals in the slaying of President Corazon Aquino's husband so they would be able to post hail while await-ing trial. "It's better that they be tried now and acquitted," Mr Herrera quoted Mr Marcos, now in exile in Honolulu, as telling the group in a meeting in the president's library at the presidential palace on January 10 1985.

•.

Mr Herrara quoted Mr Justice Manuel Pamaran as Mr Herrera, lead prosecutor in the 10-month trial that "Yes, Mr President, the better arrangeended in last December's acquittal of Gen Ver and the ment." Mr Herrera was testifying 25 other defendants, has made similar allegations in interviews with reports.

Mr Herrera was testifying at the first public hearing by a three-member commission of retired judges created by the Supreme Court. Its pur-pose is to receive evidence of alleged trial irregularities so that the high court can determine whether to call a new trial. Lawyers for the family of Mr Rolando Galman, accused by the military of slaying Mr Aquino at the Manila airport, called the trial a sham and petitioned the Sapreme Court for a new trial.

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Earnings per share growth	7.3p	10.5p	+43.8%
Dividends per share	3.0p	3.8p	+26.7%

to decide on next year's pro-gramme of economic assistance most populous nation. The latest World Bank report

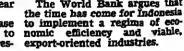
The economic problems in South-east Asia's largest economy, caused by the collapse of the world oil market and compounded hy deep-seated in-efficiences, will dominate this week's meeting of the inter-

assistance, yet this year Indo-nesia's need is for funds to fill a deepening hole in the national budget. Iggi might hesitate,

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17th June 1986

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Financial Times Tuesday June 17 1986

# **OVERSEAS** NEWS

reported.

# S. Africa likely Tense congregation gathers for Boesak message of condemnation to face setback on foreign debt

#### BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

middle of next year is working satisfactorily, they said. But a question-mark now hangs over what happens when this agreement expires a year from now. Bankers are also due to review

borrowings. These were inter-rupted last August when withdrawal of short-term credit by precisely the opposite direction, US hanks forced South Africa they said, adding this was not to suspend principal repay- the scenario hoped for when ments on its debt to foreign they completed their interim banks. restructuring arrangement last The new political problems March.

THE RENEWED flare-up of come as South Africa's trade THE RENEWED flare-up of come as South Africa's trade violence in South Africa and performance has slipped behind the nationwide state of emer-gency imposed last week are of this year, though the country. likely to prove a setback to the country's hopes of reaching a enough foreign exchange to lasting solution to its \$23bn meet interest payments on its (£15.1bn) foreign debt problem, hankers said yesterday. An interim restructuring of debt falling due up until the middle of next year is working

economic sanctions might cause the country's foreign trade position to deteriorate further, leading to an interruption of inter-

est payments. The bankers said their main anxiety at the moment was, how-Bankers are also due to review anxiety at the moment was, how-South Africa's debt position in ever, political. Thongh they are unwilling to define exactly Bankers had hoped that by what steps South Africa needs agreeing to extend debt maturi-ties until then they would give national creditworthiness, they south Africa time to introduce said political reforms must be political reforms that would set enough to satisfy public opinion the right tone for the country to in the west and lift pressure resume normal capital market from lobby groups on bank cre-borrowings. These were inter-tiors, particularly in the US.

Recent developments go in precisely the opposite direction, they said, adding this was not

The Reverent Alian Boesak, one of apartheid's most cloquent critics, yesterday demnation of the South African Government before a tense congregation gathered in a church near Cape Town to commemorate the 10th anniversary of "Soweto Day."

Much of what Dr Beesak said cannot be reported because of heavy press restric-tions introduced under the state of emergency restric-tions introduced under the

EARLY yesterday merning the following message chattered over the teletype of the South African' Press Agency: "Please take note that the Commissioner of Police under regulation 7 (1) (C) of the emergency regulations has issued an erder pro-hibiting the announcement, dissemination, distribution, taking or sending within or from the Republic of any comment on or news in connection with any conduct of a force ur any any conduct of a force ur any missioner or any person author-member of e force regarding the ised thereto." maintenance of the safety of It was signed "Bureau of public or the public order or Information," the department the termination of the state of headed by Mr Louis Nel, emergency, except with the the Deputy Minister of Informa-prior consent of himself or any tion, which has now become the person authorised thereto by only source of official informa-tion about eveots in this coun-

state of emergency which make it an offence to publish "subversive statements" — a broadly-defined category which Dr Boesak said in his sermon included any form of criticism of the Government.

No reference can be made to the activities of the security forces in and around Hazendal, the coloured suburb where the service was held. Several busiceds bringing churchgoers from nearby coloured townships to attend

Lawyers have advised several of the news organisa-tions present they may be breaking the law if they pubthe service never arrived. The

reasons for this cannot be Although television cameras

filmed Rev Boesak's entire 30-minute sermon, capturing the black power salotes which punctuated the two-bour service, few outside the 500-(£1,300) fine, strong congregation are likely to be allowed to head the Reverend's bitter attack on the security clampdown.

lish Rev Boesak's comments. ships grapevine-although it The penalty can be up to 10 cannot legally be reported. years in jail or a R20,000 The strain showed clearly on their faces as preachers

For the hundreds of coloureds and the sprinkling of whites who attended yesfrom various Christian denominations, and from the Call of Islam, a local Moslem terday's ecumenical service, the risk was perhaps more immediate. Uppermost in their minds was the outcome of a similar commemorative group, delivered what they called "testimonials" to the evils of apartheid. But it was Rev Boesak's fire and brimstone address which really captured the congregation's imagination— and its nervous chuckles— when he said: "Satan is alive, or a similar commenorative service the previous day at another subarban Cape Town church, news of which had reached them on the townand you can see him on T trying to explain what the state of emergency means and why it is necessary. Satan is real and from now on he will be the only one making press statements explaining what is

happening." Such a comparison will no deubt upset a Government which has recently said it is ready to stand along with "our forces and our God." Whether it is also subversive will measurably be a matter will presumably be a matter for the Minister of Law and Order.

# Media discovers that adjectives can be subversive

Pretoria has tightened controls on the press. Tony Robinson reports

"Please also take note that the try under the state of emerg- tence: "This brings to 19 the

other area in which unrest is stances a statement which in occurring except with the prior terms of the emergency regula-consent of the divisional com- tion is a 'subversive statement' missioner or any person author-is broadcast, transmitted or otherwise sent from South otherwise sent from South

It was signed "Bureau of Africa." Information," the department Then, headed by Mr Louis Nel, ing by t the Deputy Minister of Information Mr. 1 Then, at the daily 11 am briefing by the bureau in Pretoria, Mr Nel singled out the recentlyarrived Reuter bureau chief and objected to a Reuter report of

"Please also take note that the try under the state of emerg-commissioner of Police has ency." This brings to 19 the death toll since Pretoria issued an order in terms of A few bours before sending clamped a Draconian state of regulation 7 (1) (D) of the the orders the bureau telexed emergency on the riot-torn emergency regulations prohibit-ing the presence of journalists correspondents" in which we English dictionary defines for the purpose of reporting, in were "earnestly requested to Draconian as rigorous, harsh or any black residential area or any ensure that under no circum-consent of the divisional com-tion is a 'subversive statement' of the seventh century BC.

Mr Nel commented: "It might be Mr Rogers' opinion that we have a Draconian state of emergency. It is, however, the opinion of the Government and millions of blacks and whites that a state of emergency is necessary to prevent what I personally regard as a Sunday which included the sen-

braconian commitment to violence and revolution by radicals. I am of the opinkon that it is highly onprofessional of Mr Rogers to present his personal opinion as fact. His reference to riot-torn country is also objectionable."

Under the present circum-stances Mr Nel's opinioo of what is permissible or not is what counts.

It is a situation about which Mr Ken Owen, editor of the Business Day newspaper, wrote in e centre-page feature article yesterday: "It takes South Africa across the line thet separates authoritarian from totalitarian societies. It imposes

control on thought and know-ledge." Meanwhile the Johanuesburg Meanwhile the Jonanuesburg afternoon paper, The Star, yesterday said on its froot page that it had been refused per-mission to publish reports relat-ing to the situation in the country from Cape Tow, Elsies River (a coloured township near Cape Town) and Kompton Park

River (a coloured township hear Cape Town) and Kempton Park (a bleck township between Johannesburg and Pretoria). At the eod of the column, io bold type, it printed the following: "Because of today's even more rigorous clampdown

oo news reporting, readers should be eware the this edition of The Star has in effect been censored and does not reflect adequately the situation in South Africa."

#### Rand up as Security causes uncertainty over industrials fall **NUM** wage talks

#### By Our Johann

gold and

STOCK traders in Johannesburg yesterday took the view that no news was good news. Though gold and industrial share prices fell on the Johannesburg Stock Exchange (JSE), dealers ettributed the declines to fundamentals rather than to political fears.

The main irritations were with the mistakes made by six white schoolboys hired for the day to replace black JSE em-ployees who post prices on the market floor's board.

The financial rand, an indica-The financial rand, an indica-tor of non-residents' willingness to hold South African invest-ments, rose from its closing level of just over \$0.215 on Fri-day to more than \$0.24 yester-day afternoon. But the rise faltered as fornign, holders of a gold shares decided to sell into lohanneshure and came nn Johannesburg and came np against the local market's in-ability or unwillingness to take large lines of stock.

In Jehannesburg the funda-mentals of a lower dollar gold price and 2 surge in the com-

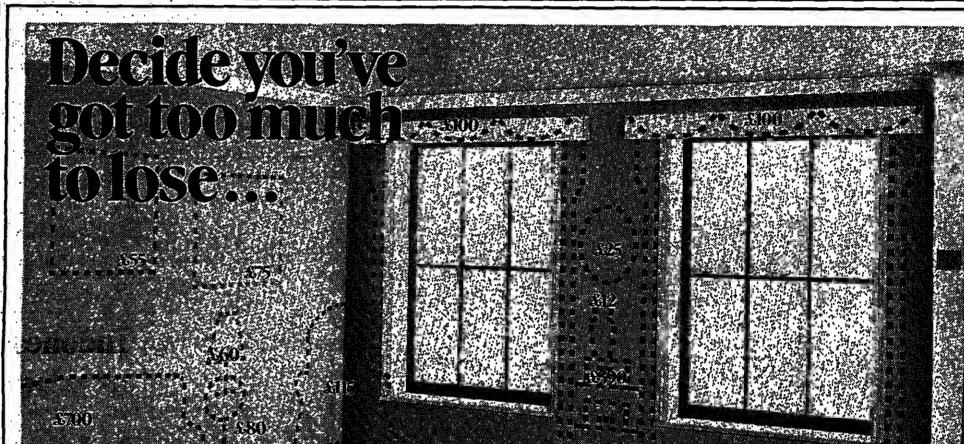
# IT IS ancertain whether wage IT IS uncertain whether wage talks between South Africa's Chamber of Mines and the black National Union of Mine-workers (NUM) will resume as plasmed this morning. Negotiations were broken off early last week when the chamber countered black employees' demands for a 45 ner count acrossible heard

By fim Jones in Johanne

er cent across the beard rage increase with an offer f between 12 and 17 per cent

By late yesterday afternoon, Mr Johan Llebenberg, the chamber's chief negotiator, was not sure if the NUM was not sure if the NUM negotiating team would attend the scheeluled talks. There have been rumours in Johannesburg that Mr Cyril Ramaphons, the NUM's general secretary and chief negotiator, had gone into hiding or had been detained .by.security forces.

The NUM's offices were closed yesterday in com-memoration of Soweto Day and a spokesman for the Bureau of Information, the only Government department authorised to comment on security matters, was unable to confirm the rumours.



id fro most \$0.40 guenched demand for gold shares. Nonetheless, some investors argue that the rand's recovery is likely to be temporary and unrealistic. Cur-rency markets were dominated yesterday by the South African Reserve Bank's intervention, while most invorters and exwhile most importers and ex-porters had discounted the likely exchange rate effects of Soweto Day work stoppages well in advance and had effectively covered their foreign exchange positions.

Mr Barend du Plessis, Finance Minister, welcomed the rand's rise as an encouraging sign and rise as an encouraging sign and said be had no doubt South Africa would become what he described as "a very attractive investment country."

Union officials' attempts to report the chamber's offer to noembers have been thwarted in some areas. Last week, befere the state of emergency was imposed, a magistrate in the coal mining town of Withank refused the NUM permission to hold two local report-back meetings. That effectively halted union officials' efforts to get a mandate from members for Mining industry executives are unwilling to speculate on the effects of a detention of union leaders. However, the

state of emergency specific-ally prohibits illegal strikes and this could include work stoppages in protest at the detention of union officials.

# **UN conference steps** up sanctions pressure

#### BY PAUL BETTS IN PARIS

BY PAUL BETTS IN PARISAFRICAN and non-aligned<br/>countries stepped up their pres-<br/>sure for the imposition of man-<br/>detory and comprehensive sanc-<br/>tions against South Africa yes-<br/>terday et the opening of a five-<br/>day United Nations conference<br/>in Paris on action against<br/>Pretoria.trading partners. He argued<br/>that the absence of sanctions<br/>"is actually right now contri-<br/>buting to the mayhem taking<br/>place in South Africa."Mr Abdou Diouf, president of<br/>Senegal and head of the<br/>Organisation of African Unity<br/>special meeting as "the con-<br/>ference of the last chance."Mr Ramphal also hoped that<br/>Mr Sanctions and move with<br/>special Comonwealth meeting<br/>next August in London.Mr Baing the South<br/>African government "see<br/>reason" before the countryMr Ramphal also criticised<br/>the absence of most main<br/>weatrial countries, only

African government "see reason" before the country became a "brazier."

the Paris conference was to define procedures for practical measures on sanctions, ways of co-ordinating these measures sure African countries, He said and a programme of aid for France would "apply without front-line countries, the African respite" measures against National Congress (ANC) and South Africa it has adopted

National Congress (ANC) and South Africa it has adopted Swapo. Nigerie was the first country to follow Mr Diouf's new call for suport of frontline coun-tries. He pledged extra aid of \$50m for the next five years to frontline countries and libera-posing sanctions and the re-

nly way of making the South Western industrialised coun-African government "see tries et the UN conference. Of reason" before the country these industrial countries, only became a "brazier." France and Japan are attend-ing as observers. Mr Diouf said the purpose of ing as observers. Mr Claude Malhuret, the lefine procedures for practical reasures on sanctions, ways of human rights, sought to reas-mardinating the souther the secretary of state for

right-wing Prime Minister, op-posing sanctions and the re-cent French decision to rein-state the French ambassador in Benteria

frontine countries and libera-tion movements. Mr Bolaji Akinyemi, the Nigerian foreign minister, also urged governments offering flags of couvenience to make it illegal for eil and shipping groups under their jurisdiction to trade in oil with South Africa. Mr Shridath Ramphal, the Commonwealth Secretary Gen-erel, also called for economic presure to be applied, especially by major economic powers which are South Africa's main

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Standard Telefon og Kabelfabrik (STK) of Norway and

of Japan.

Such production could start within the next three years, pos-

communications Current links between Tokyo and Hong Kong are expected to reacb capacity by the end of this tor and is a free-trade centre In addition to increasing the communications between Japan, Rong Kong and South Korea, the new cable will be connected with the third transpacific cable

marketing rights in Norway and Denmark.



othar countries in East Asia and North America. The new links, which will accommodata telephona, telex, will connect Japan and Hong Kong and Japan and South Korea with 4,500 km of cable. KDD bas the largest stake in the operation, with C and W Hong Kong putting up another 32 per cent of the total costs. Korea will provide another 18 per cent, AT and T 10 per cent and Singapore 3 per cent. othar countries in East Asia and

# GKN unit in US link

and Nettlefolds of the UK, tha third largest supplier in Europe mercial venicles, has signed a ten-year agreement with Ther-moset of the US under which the two companies will supply each other's products. The GKN offshoot, Sheep-bridge Sintered Products, which not available from local swere

The GRN onshoot, Sneep- paper microin materials were is strong in metal and graphitic in Europe. Thermoset was friction material for heavy-duty formed only 12 years ago and clutches and brakes will supply Thermoset of Milwaukee with its bridge supplies many of the range of products for sale in the US.

concern to them because the island state bas a bightechnology manufacturing secoperating one of the world's busiest ports.

A large team of US officials beld talks with the Singapore Government last August in the bope of reaching a memorandum of nnderstanding on the issue.

A SUBSIDIARY of Guest Keen Sbeepbridge will then market Thermoset's range which is prin-cipally based on non-asbestos third largest supplier in Europe of friction materials for com-mercial vehicles, has signed a ten-year agreement with Ther-moset of the US under which the two companies will supply based of the four asbesto paper friction materials. Sheephridga bad sales of f7m last year. More than a third of its output is exported, much of which goes into the four asbesto paper friction materials. pean market.

Certainly Singapore has spurned the US in its search for a pact. It is boping that adjustments of its import and export controls, by having a wider application than a bilateral accord with the US, will in turn win Washington's support.

Complications nevertheless remain. Issues outstanding between the US and Singapore include continued trade prive-leges for Singapore under the leges for Singapore under the Generalised System of Prefer-ences. Singapore copyright legislation to protect intel-lectual property and US legis-lation coming up for renewal which controls the import into the US of works covered by US copyright but produced off-sbore.

sibly at an STK plant in Halden, East Norway, which now makes subsea electric cables. The flexible pipelines are designed to take water, oil or gas. They have been in use for

ür pr

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some time in Brazilian waters and in the UK sector of the North Sea. This year, for the first time, they are also being used in the Norwegian sector. STK said sales of the new type of line could be worth "anything from NKr 50m per year upwards," depending on oil price trends and offshore development desirior

development decisions.

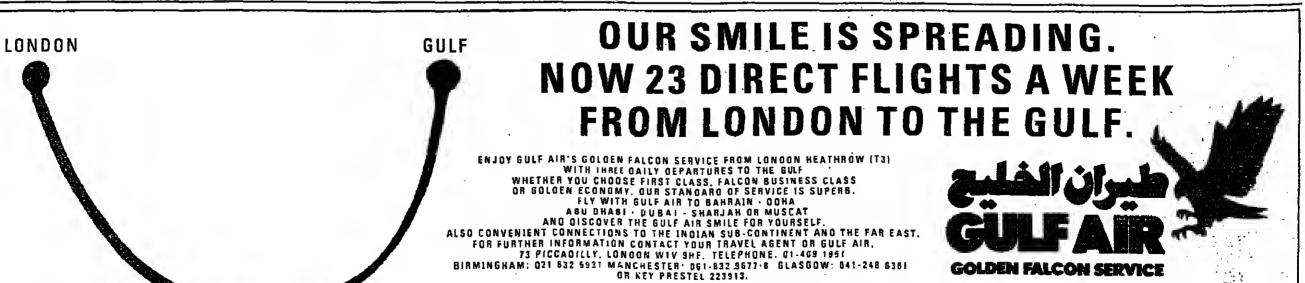
#### **BEFORE THE** DEPARTMENT OF INSURANCE STATE OF CALIFORNIA In the Matter of the Application of

MISSION AMERICAN INSURANCE COMPANY California For a Permit to Issue Surplus Notes

NOTICE OF PUBLIC HEARING

(File No. 5F 1568) You are hemby notified their a public hearing will be conducted into Oepartment of Insurance, State of California, at 100 Van Neaz A 15th Floor Hearing Room, Sen Francisco, California, 84102, on the of a state of the state and the state of the state of the state of the state and the state of the state of the state of the state and the state of the state of the state of the state and the state of the state of the state of the state missionar that it meets the requirements of law entruing it to a f Any person may appear in person or by duly sutherised state support or oppose such patition or present evidence as to whethe Permit should be issued, to determine whether or not the Peti-herain, MISSION AMERICAN INSURANCE COMPANY, purposant to provisional of Section 838.5 of the Celifornia legurence. Code, should granted a Permit to issue surplue notes to those persons or statistic forth in those agreements statched to the petition as exhibits OATEO: June 3. 1995 ng it to s.Pe attorney. OATEO: June 3, 1986

BRUCE A. BUNNE the State of Cellik



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# **FINANCIAL TIMES SURVEY**

Tuesday June 17 1986

than ever.

It would probably not take too long for inflation, if it continues of the present rate of more than et the present rate of more than 80 per cent a year, to tear epart a fragile political and economic system like Yugoslavia's. The Yugoslavs could do to them-selves, economically what they are peremially afraid outsiders will do to them militarily. If that seems like hyperbola, consider what high inflation does to a country where the richest region (Slovenia) has six times the average income of the poorest (Kosovo). Not only are

flation promises to be tougher

times the average income of the poorest (Kosovo). Not only are Slovenes with tiny, virtually full employment far better able to withstand existing inflation than Kosovars, where the unemploy-ment rate is in excess of 30 per cent, but they can create new inflation to suit themselves. Last year the steepest growth in prices was in Slovenia, where

in prices was in Slovenia, where relatively efficient companies had enough of a market hold in certain sectors to dictate prices to the rest of the country. Thus the rich are the price-makers, the poor the price-takers. Infletion encourages further distortions. With the consti-tutional power to set taxes, certain republics have been raising tax rates on goods they consume but do not produce-

employment and maintain pur-lic revenue in an inflationary environment. Even if inflation fell sharply, it might take years to iron out the distortions. Not surprisingly, inflation tops the new government's agenda: it is looking around, almost wildly, for cures. Mr Miknile has ruled out the "quick fixes" tried in the first half of the 1980s and opposed by the IMF. A complete freeze of prices and personal incomes, or their simple indexation, are not the way out, he says. But he adds: "We saw that the model of relying on 'a real exchange rate, real interest rates and free price formation --insisted upon [by tha IMF] during recent years--cannot alone help."

forces reign where proper com-petition exists; indeed he would like to roll back price controls from the 58 per cent of pro-ducer prices currently covered to about 40 per cent, But where monopolies push up prices, "all forms of social price control shall be applied," be

warns, Others in his government, notably Mr Svetozar Rikanovic, the new finance minister, and Mr Oskar Kovacs, a Belgrade economist turned government minister, are pondering other

- Republican bords CROATI Novi Sa BOSNU HERCEGOVIN e Sixo

ideas. One far advanced pro-posal is to tackle the sacred "self-management" cow of worker sovereignty, with e

worker sovereignty, with e wages law making it harder for workers to vote themselves pay rises without regard to profit and productivity. Another idea is an excess profits tax to deter price-hiking monopolists. The problem, says Mr Rikanovic, is to determine where competition does or does not exist. not exist. The most radical ldee doing

debate. Since Tito died in.

Yugoslavie's nationalities have seemed to find it no easier to pull together. A recent nation-wide opinion poll in the Belgrade weekly Nin showed that the proportion of Yugoslavs who thought the relations between their various nationalities were satisfactory had declined from 83 per cent in 1964 to 62 per cent in 1985. This helps explain why Yugo-slavia, one of the most liberal countries in such areas as freedom of travel, still has some 400 to 500 political trials a year. 400 to 500 political trials a year. Most of those feature charges of nationalist agitation, particu-larly in Kosovo, Bosna and

Croatia\_ Last year 70 per cent of the charges were for "verbal crimes," which would hardly be crimes," which would hardly be more significant than a parking offence in a less sensitised society. As it is, however, the Yogoslav authorities are un-likely to let their guard down on this score.

One issue which the party congress may tackle this month is private enterprise. Mr Mikulic raised this issue when last month he called for more incentives to encourage small busi-nesses. He said these had done much to create jobs in such successful economies as the US. successful economies as the US. Ironically, it is the federal polliticians who encourage private enterprise. But it is the local polliticians who set the limits ranging between 10 and 20 bectares for a private farm and five to 10 employees for a private business, and who are the most reluctant to expand them for fear of competition.

the most reluctant to expand them for fear of competition. Perhaps the party congress will pass the mesage down to the grass roots that more private enterprise can. do no harm— and probably some good—to Yugoslavia in its present plight.

NEW governments generate new expectations. This is the case even in Yugoslavia, where governments only change every four years to let each of the country's eight republics and provinces get a turn at having their people at the federal helm, and to dive results to federal and to five respite to federal politicians exhausted by four years of consensus politicking.

years of consensus politicking. So the advent of Mr Branko Mikulic who took over the premieship from Mrs Milka Planin: in mid-May, brings bopes and fears. A general bopes and fears. A general synopsis would be that Mr Mikule will use the organisa-tional skills be showed in a successful winter Olympics two years ago in his native Bosnia to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the federal machine and legisla to instil better order in the authority as backing for his government. And ba will bring new ideas to fighting inflation mic ill—but at he same time he will not evertain radical political reform, whether in national decisior-making or in individual freedom of expres-sion. His inaugural speech to the

His inaugural speech to the

parliament party bore out this the easier path of meeting view: he endorsed the need for bigher domestic demand and

system. The economy remains as for

to lose steam.

ತ್ರಾಜ್ಯವಿಷ್ಠ ಸಂಕರ್ಷನಿಗಳನ್ನು ಬಿಡಿಕ್ಸ್

yearly congress. This constrains bim in his first 100 days of power, important to any leeder even in a collective communist

The new government of Branko Mikulic is

searching almost wildly for a solution to problems of rising prices and may yet

give freer rein to private enterprise

**Inflation tops agenda** 

By David Buchan

The economy remains as for of other trends on exi-the whole of Mrs Planine's four finances. Cheaper oil, year tenure, the Government's general decline in overwhelming preccupation. interest rates and the fa Moves towards higher growth, the dollar against other harking nostalgically back to Yugoslavia's boom years of the auguration present to

performance.

Companies again preferred economic reform, but not prices rather than pick through its supervision of the ec

political change. Whether the the tangle of new laws govern-latter is in the wind will be ing foreign exchange and im-come evident only later this port allocation. month when the League of Yugoslavia complained loudly Communists holds its four-about the temporary EEC ban Yugoslavia complained loudly about the temporary EEC bas on its food shipments after the Chernobyl disaster and its.

Igoslavia

indirect damage to tourism. But this has been more than offset by the wholesome effect of other trends on external world interest rates and the fall of the dollar against other hard currencies, are a welcome in-Mikulic government. They have stemmed the growth in hard currency debt, which at end-1985 stood at US\$18.4bn.

The repayment schedule of that debt now looks clearer, with Western governments and banks having agreed in prin-ciple to reschedule debts to the end of 1988. Commercial banks end of 1988. Commercial banks led the way by rescheduling \$3.60m in principle due in 1985-88, with the proviso that rescheduling in tha final two years would depend on bow the international Monetary Fund then judged Yugoslav economic then judged Yugoslav economic

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ended.

The IMF agreed to start enhanced monitoring" last month when, on the day the Mikulic government took over,



Branko Mikulic endorsed economic reform but not political change

under standby arrangements Agreement with western government creditors was stickier. They tried to get a stricter interpretation of "en-banced monitoring" but the IMF banked, thankful to be rid of formal supervision of an economy with a healthier ex-ternal position which no longer warranted direct assistance. It wanted no "backdoor" standby arrangement with conditions it would not have the direct leverage to enforce.

# In the end, official creditors

agreed to reschedule \$1.6bn debt principal maturities to end-1988, but fixed precise terms only until May 1987. Clearly, official creditors do not have tha long-term trust in Yugoslav economic manage-ment that the multi-year re-scheduling might suggest. For the Mikulic government, the important thing is that it probabiy faces a smoother passage on external debt than its pre-decessor. This is just as well, because tackling domestic in-





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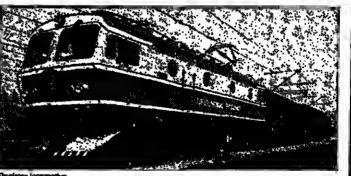
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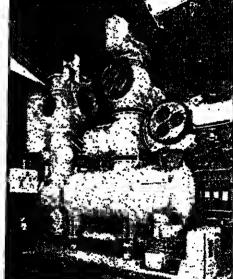
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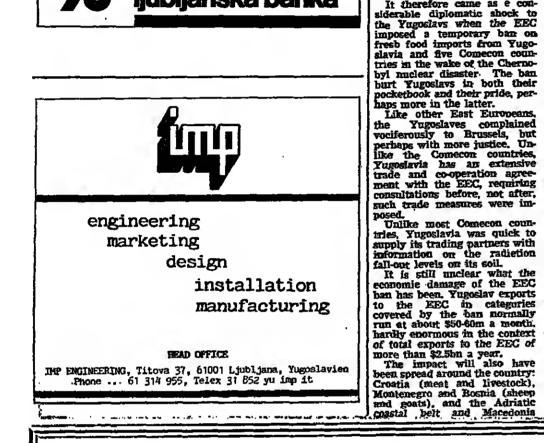
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YUGOSLAV diplomacy, these days, is focused essentially on keeping the country's head ebove water economically. This entails supplying Moscow with (early vegetables). However, many Yngoslavs were equally irritated at being lumped in with the Comecon countries by Brussels. They are very sensi-tive-most foreigners would say inordinately sensitive-at being not one suit of clothes or machine more than absolutely machine more than absolutely necessary to obtain vital Soviet raw materials to keep Yugoslav industry ticking over, winning maximum debt relief from Western creditors, breaking down protectionist barriers to considered East European.

All this has somewhat soured the atmosphere for the negotia-tions for a new EEC-Yugoslav agreement. The old agreement ran out in mid-1985.

Western markets to redress business lost in the once lush An initial proposal by the EEC (which offered little im-Middle East markets, and seek-ing a toebold in the newly-launched hi-tech programmes of provement on the old agree-ment) was turned down by the Yugoslavs in February 1986-The EEC Commission has since These bread-and-butter con-siderations have taken at least temporary priority over Yugo-slavia's longstanding diplomatic concerns about the state of the non-aligned movement in the world, about a better trade and credit deal for developing countries in general, and about the East-West arms race. Such classic Yugoslav themes in fact occumied a more one-tenth of These bread-and-butter con-

both East and West.

month.

drafted another negotiating mandate for the Community, but this has yet to win Council of Ministers (governments) approval The EEC is likely to offer a modest expansion on the 70 per cent of Yugoslav industrial goods that at present enter the

Community freely. But the cost to the EEC of further liberali-sation is growing sharply as it starts to affect sensitive products occupied a mere one-tenth of the inaugural speech of Prime Minister Branko Mikulle last in the Community. It therefore came as e con-

in the Community. Yugoslavia is pushing for a big formal increase in its quotas, despite being told by Brussels that it would do better under the present flatible sys-tem whereby Yugoslavs are sometimes alkowed to over-fulfil their quotas provided this arouses no domestic EEC complaints. The EEC is offering ebout a 100m ECU increase, to 360m ECU in loans from the European Investment Bank

European Investment Bank However, Western govern-ments did go some way to meet-ing the Yugoslav desire for long-term debt relief. They have agreed in principle to reschedule the country's official debts up to the end of 1988. True, no pre-cise terms have yet been agreed on debt falling due after May 1987, and the International Monetary Fund has been asked by creditors to keep a close eye on Yugoslav performance. But it was enough to satisfy the Yugoslavs. It also marked e governments like the US (not

governments like the US (not best pleased with Belgrade after best pleased with Beigrade after it let slip through its hands Mr Mohammed Abu Abbas, after his part in the Palestinian hi-jecking of the Achille Lauro ship last October), which had hitherto resisted multi-year debt rescheduling for debtor countries.

But, of perhaps more long-term significance was the deand goats), and the Adriatic coastal belt and Macedonia

cision by the dozen or so West European countries involved in very good. Closer to home there the European scientific technical are tensions, but scarcely new research programme that they ones. Albania remain the most had enough governments par-ticipating, and that individual Belgrade claims, is still foment-yugoslav companies could take ing trouble in the ethnically Albaniar Yugoslav province of Kosovo. Kosovo. ernment as such. The newly-built rail line

Yugoslavia believes it has some 20 to 30 companies, led by such enterprises as the Slovene linking Albania into the Euro-pean network via Titograd has so far proved less of a bond electronics company of Iskra, which could contribute to than a bone of contention, because the Montenegrin rail-Eureka, but feels they will get less out of it if they are just subcontractors to West Euroway company is demanding new engines (from Belgrade) before operating the new line. Greek pean companies. Yagoslavia is also interested

and Bulgarian refusal to admit that their Macedonians or Yugoslavia's Macedonians are a separate nationality continues to Yagociavia is also interested in taking some part in the Comecon hi-tech egreement reached among Soviet bloc countries in December 1985, and nettle Yugoslavs. Two problems bave zrisen with the two neighbours, with which Yugoslavia traditionally is bolding discussions to this end with Comecon. Ideally, the Yugoslavs would like a finger in the technological pies of East bas had excellent relations -Romania and Austria. Allega-tions of mistreatment of Serboand West, but, says one senior diplomat aware of the Western Croat minorities in Romania have caused anxiety in Serbia

diplomat aware of the Western sensitivity about Yugoslavia being a conduit of Western technology to the East, " not as a bridge between them." The one powerful domestic engine driving forward techno-logy is the 5.2 per cent of national incoma currently being spent on defence. This. Mr Miknik has stressed, should be seen " as an important investment in scientific and technological development, engaging a considerable part of Yugoslav industry." The fact that defence is the one sector where public spend-ing has risen recently seems to have more to do with hopes for exports and civil spin-offs from the Yugoslav arms industry at least. The potential problem with Austria is simply that of its new president, Kurt Waldheim, whose Wehramacht career in the Balkans has started so much controversy. The Yugoslav government has been equivocal on the whole matter. But the recent death sentence passed on the former war-time Croatian Interior Wir-time Course interior Minister-for crimes of which no one remotely suspects Mr Waldheim — has nonetheless stirred old sensitivities. Official

visits by the new Anstrian president could prove difficult. the Yugoslav arms industry than any perception of an increased threat. Certainly, relations with the

## Regions

David Buchan & **Alexsander Lebl** 

# **Divisions along** different lines

YUGOSLAVIA IS composed of industry is well established. One six constituent republics and exception has been Voivodina, two autonomous provinces, which before the war had a which are constituent parts of relatively developed industrial both the federation and the sector. With the threat of Republic of Serbia. Yet there Soviet invasion, however, in the are other patterns dividing the late 1940s and early 1950s, a country, along geographical and large part of its industry was economic lines, cutting across transferred to the central parts political boundaries. In that of the country, sense, Yugoslavia has three The hills and mountains have distinct regions. The first is its coastal belt, the third, which could be sub-divided into two, are its hills and mountains. By area, the largest is the third, with over 60 per cent of the total, fol-lowed by the plains with some 35 per cent, and the coastal 35 per cent, and the coastal belt with five per cent of the total Those regions characteristics and also prob-lems of their own. Thus uniform measures applying to all of Yugoslavia are difficult to design and different solutions have to be sought. The plains are mostly in the north, in the province of Vojvodina and in Eastern Vojvodina and in Eastern Croatia where in not too distant a past measured by geological criteria there stretched the Pamonian Sea. That is the breadbasket of the country, and in addition the main site of oll and gas discoveries. In addition, there are plains along the bigger rivers of Serbia and Bosnia, as well as in Macedonia. Although in Macedonia. Although accounting for only one third of the area, the plains contri-bute some 60 per cent of the value of agricultural produc-tion. That is small wonder taking into account that in the Pannonian besin, most soil is of excellent, Chernozem quality, with soma 4 per cent humus. Yields are some 10 tonnes per Vields are some 10 tonnes per hectare of maize, 6-7 tonnes of wheat, up to 40 tonnes of sugar beet. Very little land has been irrigated although conditions are very early end with strary lite very good, with rivers like Danube, Sava, Tisa and others flowing through the plains. Canals have been built at high cost but they mainly solved the problem of drainage, while some 2 per cent to 3 per cent of land has been irrigated. Plans have ben drafted for that to be increased to 10 per cent in the 1986-1990 period, but that appears unlikely to be achieved. Farmers are not particularly motivated to increase output and yields, as prices of their products, although relatively high compared with world prices, are lagging behind the of inputs, including water The maximum private far-mers may own is 10 hectares, which is too small for rational and economical production. Moreover, farms comprise several small plots and existing inheritance laws, which the new Government intends changing, contribute to this problem. Dr Franc Pajenk, assistant federal minister of agriculture, admits that no methods have been found to transfer techno-logy to the private sector of agriculture and that reflects in ower yields. Parts of the plans have been lagging behind in industrial ment.

their peculiar problems causing concern, because of the stra-tegic importance of that region. Large parts of it especially along the borders with Bulgaria, Greece and Albania, but also with Italy and Austria had heen losing population, young people moving to industrial centres were they could find jobs and enjoy much higher uvang standards. Hills and mountain regions contribute some 20 per cent of the value of agricultural Special measures had to be taken to stop migration, includ-ing increased prices for sheep and potatoes, rye, oats, cattle and dairy products. Others include road construction, credits for young couples, part-financing the construction of mini-farms (also helped by the World Bank), encouraging small scale industry, handicrafts in villages, building small hydro power plants and various facili-ties of social standard. Efforts have been made to develop cottage tourism, winter sports, health tourism and the like. The coastal belt, the smallest by area, makes the relatively biggest contribution of some 20 biggest contribution of some 20 per cent to the value of Yugo-slav agricultural production. It specialises in wine, olives, ctrus fruit, and early vegetables, which fetch high prices. Thus farmers are well off. In large parts of the coastal bekt—divided between Slovenia, Croatia and Montenegro, with Rasnia and Montenegro, with Bosnia and Herzegovina having Bosnia and Herzegovina having a tiny outlet as well — water has been a problem. Irrigation could help to increase yields. Fishing has been a traditional industry in the coastal belt. Resources have been depleted mainly by Italians, while Yugo-slev fishermen lack modern vessels and technique. The Littoral region has been The Littoral region has been the main tourist region of Yugoslavia and will remain that in spite of the efforts to develop tourism in the hinterland as well. Part of it, like Rijeka, Zadar, Sibenik, Split and other towns, is industrially developed, with the shipbuilding industry playing a significant role. Diversification however is being encouraged. Shipping is also important but neglected. There are inadequate resources to expand and modernise, and thus to earn more foreign exchange. Adriatic ports, from Koper in the north to Bar in the south are faced with similar problems of expansion and modernisation. which would enable them to attract more transit goods from countries like Czechoslovakia, Hungary and Austria. Their road and railroad links with the hinterland have to be im-Plans have been made by most ports to build free zones, possibly with foreign invest-Alexsander Lebl

development but on the whole

Financial Times Tuesday June 17 1986

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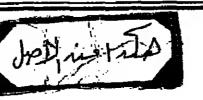


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Financial Times Tuesday June 17 1986 Yugoslavia 3

Industry

# Slow shift to higher technology

RESTRUCTURING has been underway in Yngosiav industry for quite some time in order to shift from less to more tech-oologically advanced production and to change the mix of products offered to the domestic and especially world markets. That process however has been too slow, mainly due to shortages of investment funds, but also inadequate R & D efforts, lack of nationwide coordination and co-operation, and many other internal and

external reasons In spite of that, restructuring hes produced some results. There have been shifts in the industries and also within industries and also within individual industrial branches. Some programmes have been dropped in favour of other new products being introduced, and quality improved.

That can be illustrated with changes taking place in the metal sector, which comprises five branches, known as branches 113 to 117. That sector accounts for a third of the aggregate Yugoslav industrial output and for some 40 per cent of the country's exports. In 1985, exports were worth some \$4bn, of which more than

a half were hard currency exports. The sector's total exports were double its imports, and hard currency exports exceeded imports by 30 per

Within the sector, comprising manufacture of fabricated metal products (113) manufacture of machinery (114), manufacture of transport equipment (115), shipbuilding (116) and manu-facture of electrical machinery and apparatus (117), there have been visible shifts over the years in favour of electronics, auto-metion and more recently robotics. But at the same time important changes have been made in each industry. Branch 113 has laid emphasis

on supplying a larger number and better quality of its products, which are mainly built ... ioto other industries goods. It has succeeded to some extent ioto in improving its structure but the results are not completely satisfactory. New efforts have to be made in order to meet grow-

ing requirements of Yugoslav manufacturers, like the "Crvena manufacturers, like the "Crvena Zastava" automotive industry, which for its export. pro-grammes, such as the Yugo car exported to the US, UK and other countries, needs hearings produced in adequate quantities and range. Branch 114 has been switching from the manufacture of rela-





There has been a shift towards electronics produc-tion (above), often for export, but Yugo car foreign sales have been limited by lack of incentives

is embarking upon robotics, new models of passenger cars Even its traditional products, and commercial vehicles, as well like farm machinery continuent as rolling stock, including for the faod and other light things like thyristor engines, industries, have been under Tractor manufacturer IMT of going significant changes in Belgrade intends to launch an design and efficiency.

In the production of power generating equipment new products have been mastered, such as generators of up to slone or in co-operation with foreign firms,

Branch 115 has developed

export programme similar to-that of Yugo cars. It hopes to export to the US and other countries tractors of its own design at competitive prices. Shipbuilding, or branch 116, has been faring well taking into has been faring well taking into consideration the world situa-tion. It has enough arders to weather the crisis, from the Soviet Union and some developed and dertioping countries but not from Yugoslav shippers, due to their financial problems, and to government policy, which provides credits for export of ships, but not for sales to Yugoslav lines, which sales to Yugoslav lines, which also have to pay more for the same type of ship than foreign

buyers. If the metal sector is Yugo-If the metal sector is Yugo-slav exporter number 1, branch 117 is exporter No. 1 in the metal sector, One of its main exports, household appliances, has been selling in more and more countries. Its most propul-sive parts are automation, telesive parts are automation, tele-communications and component, manufacturing. Branch 117 exports lower technologies to the West, while higher tech-nologies are exported to the LDCs and socialist countries. It has mastered complex tech-rologies often in concention pologies, often in co-operation with world firms, and is now capable of erscuting big pro-jects, such as complete automa-tion of transport.

That, however, has increased its difficulties in exporting. In the developed countries there have been more protectionist measures, and in the LDCs stronger competition from the developed countries, which can finance exports in amounts and at terms Yugoslav firms and their banks cannot match. That has produced a positive side effect; integration processes between Yugoslav firms have been initiated, and hopefully will have the desired outcome. As a final word it could be said that the metal sector is best suited for joint ventures.

long-term co-operation and transfer of technology agree ments with foreign firms, aspecially since legislation in those fields has been changed. Alexsander Lehl

Joint Ventures

# **Rising activity** follows lull

THE NEW government of Mr venture may obtain for finance-Branko Mikulic is expected to ing it must not exceed the propose some changes in the amount invested by them—will laws governing joint ventures be removed. and long-term cooperation. In fact, there has been no

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and long-term cooperation. Such changes had been con-sidered by the outgoing cabinet between Yugoslav partners. of Mrs Milka Flaminc, but Provisions governing the valua-tion of foreign investment will sent them to the Parliament in the form of Bills. The foint Venture Act was in fact, there has been no such limit for joint ventures between Yugoslav partners. tion of foreign investment will be clarified. It is unlikely, how-ever, that there will be changes in fact, there has been no such limit for joint ventures between Yugoslav partners. the clarified in the partners will be changes in fact, there has been no such limit for joint ventures to of foreign investment will be clarified. It is unlikely, howsent them to the Parliament in the form of Bills. The Joint Venture Act was promolgated at the end of 1994 and has had some positive effects though falling short of the Government's expectations. The number of joint venture deals has started to increase after a hall of several years. Last van there were S8 comis provisions concerning the parity representation of joint-venture partners on the board of directors. Changes will also be made in other legislation; for example, in the law on the transfer of technology. Of particular in-terest to foreign partners of Last year there were as year, tracts. Of these 51 were new while 37 existing contracts were amended. Most of them, how-ever, were in sectors considered. Yugoslav companies will be the likely removal from the law of provisions which state what the contract must provide for, as well as others saying that the ever, were in sectors considered less important for the national economy, such as casinos, and none were in high technology. Foreign equity was small, rang-ing from \$500,000 to \$10m. Foreign investors did not take contract will not be approved if it contains restrictions on the Yugoslav partner or imposes inequitable or uniavourable

the opportunity under the new legislation to acquire majority shares but were generally satis-fied with only 10 to 20 per cent. terms It will be left to the Yugoslav company to decide whether a particular contract is good or bad for it instead of that being dictated by the Beigrade Government. These and other changes are intended to attract more foreign capital and technology,

fied with only 10 to 20 per cent. The largest foreign invest-ment, about \$10m, was that of an Austrian compeny for building an hotel in Zagreb. There was also a UK invest-ment in an botel at Pula. Foreign observers agree that the new legislation has brought some improvements such as lifting the limit on foreign equity, giving foreign partners an equal say in the running of e business whatever their equity share, removing obstacles to the repatriation of capital and profits.

prospects will also improve for joint ventures. Legislation plays an important part but it is not profits. But there have been also some objections. It seems that one provision—that the amount of loam or credit that Yugoslav omnipotent.

Alexsander Lebl

sithough it is clear both in business and the Government that the main obtacle is not legislation but the state of the

economy, high inflation and barniers to free flows of goods

and capital. When conditions improve

# Yugo US exports starved of backing

THE motor manufacturer Crycan Zastava wished to export 100.000 of its Yugo cars to the US this year. But although it could both make and sell them it will in fact export suly 83,000 cars because it has not been moti-vated to exnort more, the

April He added that support measures for exporters had been lacking, while the state had falled to pay some \$2bn to the Zastiva concern for tax refunds and other incentives in 1985. By the end of May the situation had not improved enough to increase manufac-

cisting more rapidly it was not rapid enough to catch up with the pace of inflation. Especially hard-hit have been experiers who involce their products in US dollars. Zastava has ambitions plans.

Zastava has amotions plans. It hopes to sell some \$1.5he worth of cars and spare parts to the US alone. (200,000 Yago cars and 90,000 of Ms new models the Zastava 103 and Zastava 104) by the end of the decade. It intends to expand the metal parties and other forth its production and other facilities, investing some \$500m in local and foreign currency. But missed opportunities could cost it dear, for Euro-

pean and Asian competitors are eager to win bigger shares

Alexander Lebi

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valed to expert more, the president of Crvena Zastava, Dr Radoljub Micic, said in

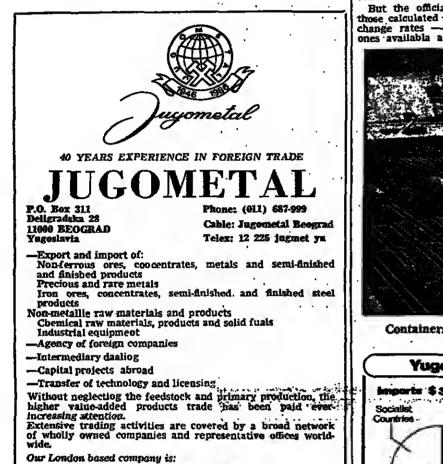
turers' motivation to export. Although the dimar was depre-

of the US small-car market.

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# Trade Running out of steam

 $(1,1,2,\ldots,N_{n-1}) = (1,1,2,\ldots,N_{n-1}) = (1,1$ 

THE Yugoslav authorities are and they show that exports, as in the dark as to what the coun- weil as imports, are losing try's foreign trade really steam. Exports are losing amounts to. For, thair figures April were only slightly abova are at discrepancy with those the same period of 1985, and produced by trading partners. in April were 15 per caot lower

than a year earlier. In the first four months of 1986, the official statistics re-The major factor has been increased domestic demand coupled with lack of motivaported axports worth \$3.06bn, imports worth \$3.85bn, and trade deficit of \$794.3m. That, tion to export. Various forms of domestic consumption are going up, abreast with or above the 85 per cent inflation rate. Federal and othar budhowever, assumed an artificial exchange rate of 264.53 dinars for a US dollar (the rate at end-April was some 350 dinars for a collar) which the federal government has sat for statisgets lead in that, Personal consumption has also baen increasing, as wages and salaries, which for five years tical purposes for the whole of salaries, which for five years bad bean falling in real tarms, started risiog last year and continued to do so this year. Producers find an eager market at bome, which is not as damanding and choosy as abroad and which pays higher prices. Exporters have been criticising the foreign exchange rate policy of the governmant, which in the first four months, when prices went up 30.6 per and constant currency More realistic data based on

More realistic data based on current exchanga ratas, some-thing to which the statisticians may switch at some late date, show exports worth \$3.2m, im-ports of \$4.12bn, and deficit in merchandisa trade of \$874.6m. Knowing exact facts is not so unimportant in a country whose top priority has been and is going to ba in the foresaable future increasing its exports in which in the first four months, when prices went up 30.6 per cent compared with last December, depreciated the dinar by far less against the basket of convertible curren-cles. Especially hit have been those exporters who aither ex-port to the US or have dollar denominated contracts — about ruture increasing its exports in ordar to earn money for im-ports and for tha repayment of its \$19.8bn external debt (figure at end-1985) out of which \$18.4bn is in hard currency.

denominatad contracts - about But the official statistics ---balf of Yugoslav trada is in those calculated at constant axchange rates - are tha only ones available at the moment,

dollars. Another reason for exports

Containers at the Koper terminal on the Adriatic

Yugoslav Trade (Jan-Apr 1986) Imports \$ 3-85 bit Exports \$3-00 bn 1.1 . tern Countries

**Balance** of Trade Jan Jan-April April Change 1986 1985 US\$ bn Experts 3.06 Imports 3.85 +1.9 +4.3 3.00 3.53

Yugoslavia 4

Deficit -0.79 -0.69 +14.9 Source: Federal Statistical Office

and imports lagging behind targets—11.5 and 6.8 per cent, respectively—is lack of foreign exchange for imports. This bas also slowed down the growth of production for export comof production for export com-pared with the same months of 1985, industrial production was 12.3 per cent higher in January, 6.4 per cent in Fabru-ary, 2.7 per cant in March, and 3.8 per cent in April.

The foreign exchange mar-ket is not working smoothly, because demand outstrips supply. Earnings from apports are inadaquate, those from tourism coming in later in the year. On the other hand, large debt repayments fell dua in tha first quarter and will in-crease again this month. Imports were given a relatively low priority.

Iow priority. Many in Yugoslavia blame this oo tha new foreign trade and forex legislation passed last December and applied from January 1 without proper clari-fication. Cynics say that that legislation is axcellent, except that it does not work. Whether the new government of Mr Branko Mikulic, who said that be prefarred an undogmatic approach to laws, is gading to do something remains to be seen. Not all is bleak, however. There have been some favour-able developments in Yugoslavia foreign trade. After falling for several years, export prices went foreign trade. After failing for several years, export prices went onp by 3 per cent in the first four months of this year, which more than offset the 1 per cent fall in export volume. Also, ex-ports of equipment went up by 21.7 per cent, while axports of raw and intermediate materials want down by 3.9 per cent

went down by 3.3 per cent. Also welcome is the increase in trade with daveloped and developing countries with hard currency payments. On the other hand, while the Yugoslavs would like the share of socialist mainly Comecon countries in mainly connecon countries in their aggregate trade to fall, they are against it falling in absolute terms. From that point of view they bave been worrying about their trade with the USSR, which is on the basis of bilateral clearing

But when Yugoslavs speak of their earnings they always men-tion net amounts, or what they take home. The same is true of Yugoslav statistics. Elsewhare of bilateral clearing. With recent fall, in oil prices, which will induce lower gas and would be inadequate to pay for wages or salaries and possibly standards, but : it makes a Yugoslav deliveries. The short-Yugoslav deliveries. The short-measured hy Western criteria' maans on hourly wage of \$1 or

**Investment** needed YUGOSLAV tourism has hald np remarkably wall despite the decline in Ameri-can travallers worried about being terrorist targets and the fall-out from Chernobyl. In fact up to the third week in May tha number of tours booked from abroad was still 8 par cent

up on last year. The number of

has bolidayers hava bean dcterred wall from going to areas covered by Ameri- the food imports ban. By tha about start of May soma tourists were cancelling or trying to post-pone holidays in Yugoslavia. By tha end of May, however, book-ings pickad up again, according to Mr Djokovic.

Tourism

Yugoslav tourist officials arc still predicting that foreign tourists will maka soma 54m overnight stays—3m more than last year, but still short of the 1981 record. They will bring in \$1.3bn compared with \$1.05bn last yaar. Proud of the sector's contribution to the economy, Mr. Djokovic says tourism brings a bigh net return, with hard currancy inpot accounting for only 5 to 7 per cent of bard

currency recaipts. But what Yugoslavia would like is more foraign investment ad Greece. in tourism. Joint ventures ara Whethar or not that was the now permitted in tourism, and

Labour

motive, It is true that some last month saw passaga of a new

time-sbaring allowing arrangements by foreigners in apartmants and villas.

apartmants and villas, Yugoslavla has much ot the basic tourist infrastructura it wants. This includes 1.3m beds in hotels, privata rooms aod camp sites, 20 airports capable of taking larga aircraft, ferries around most of the 800 Adriatic islands, 18 marinas, 12 confarance. Centres and 12 confarance, centres and wintar sports facilities fparticularly now at Sarajevo. site of tha 1954 winter Olympics) with 80.000 beds.

But it naads new iovestment in more villas and tourist bungalows to catar for the more individualist tourist, says M Djokovic. Ha also wants to see mora diversifiad entertainmeot for tourists-in other words, more ways of ancouraging them to part with thair monay,

David Buchan & Alexsander Lebl

# Life on fringe benefits

AT FIRST GLANCE Yugoslav financial assistanca for holi-labour seems deceptivaly cheap. days; the less well off get child At the current official exchange allowances; trada unions pro-rate of 360 dinars to the US vide cheap food for their memrate of 360 dinars to the US vide cheap food foor their mem-dollar, or 555 dinars to the L bers; and profit-related bonuses sterring, the average Yugoslav can amount to the equivalent of monthly earnings of less than p to four months' wages. 60,000 dinars translates into This is not an exhaustive list less than \$170 (£110) a month, of fringe benefits. The fact is that the cost of labour to tha

But when Yugoslavs speak of firm is more than double the heir earnings they always men-net amount of wages and ion net amounts, or what they salaries, and the value of what ake home. The same is true of fugoslav statistics. Elsewhare twice what it appears to be weople and statistics give gross that is still low by Western

age it? There are several "shock absorbers." Ona of them is the fact that in Yugoslav families more than one member is employed. Families are ofteo larger than in the West and stay larger longer, as grown-up children frequently remain in the parental home for lack of housing.

It is not pneommon for three generations to live together so that more earnings can be pooled and costs shared. As in other south European countries, family ties and solidarity are stronger than further north. So few members of the family, in will go hungry even if without a job --- an important salety nat in a country with over im unemployed, most of the young Most urban folk are first generation city dwellars, with relatives to the countryside who ean help them with free food. Many people in the bigger towns combine a job in industry with evening and weekend work on a farm. Contrary to the wide spread belief that such people are work-shy at thair industrial job, studies show that they are among the best performers. But they are understandably less intarested in self-management and other social maetings activities.

Financial Times Tuesday June 17 1986





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79-83 Great Portland Street, London WIN 5FA lephone: 01-580 3482 Telex: 885532 MTLCHM G Telephone: 01-580 3482

> tel: 011/136-827 LINER DIVISION tel: 011/137-478

tel: 051/35-223





a list of new products the USSR is offering, worth some \$800m. Alexsander Lebl

fail has been calculated at measured by western tricks. \$2. \$800m this year. The Soviet the average wage of a Yugo. \$2. vice premiar, Mr Ivan Arkhipov, slav worker is some 30 to 50 per: That may also have an intar-on his visit to Belgrade in April promised that trade will remain at agreed levels, and submitted tributions" (social : security, prices to a cheap labour policy tributions" (social : security, which in fact does not exist. fall has been calculated at

bealth insurance and so on) are taken into account. Even \$220\$250 (£140-£160) a month, or \$1.20-\$1.40 ar bour is which in fact does not exist. Walking in the streets of Belgrade or any other Yugoslav city or town one would not believe that overage wages and salaries are as low as even Monin, or \$1.20-\$1.40 in other fac-tors must be considered, Workers (which means all who are employed) pay little for transport. They pay nominal prices for canteen meals.

tors must be considered, salaries are as low as even Workers (which means all who twice the amount one is told are employed) pay little for Tha stylish way they dress, the transport. They pay nominal prices for canteen meals. When they get an apartment that half the 6.2m bousehold from their employer the rent is thave a car (tha running cost ridiculously low and, although of which is more than half the not to the same extent as rents, average monthly wage) gives public utility charges are also substantially lower than in the EEC or Switzerland. They get How do the Yugoslavs man-

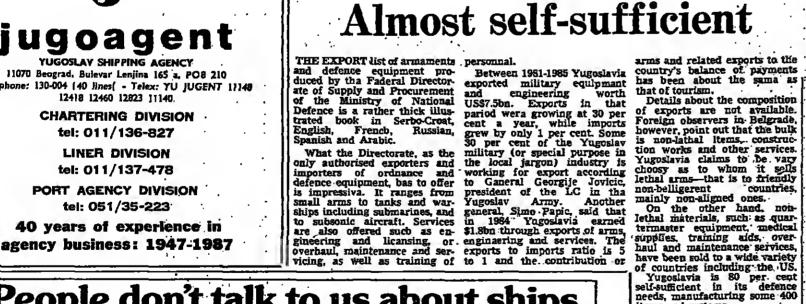
Alexsander Leb

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Arms

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Vour contacts in Europe: Rijelas: Jadrosgent, Telez: 24268, 24100 yu jadrog. Trieste: Agenzia Mattima Finanzina S ARL. Telez: 460059, 460241 sgenzal. G. Radonisch & Co. Telez: 410029 nmasi. Genora: Canagert Dytsion of CLMA. Telez: 200212, 271298 cmsgt. Milane: Chagori-Division of CLMA. Sp.a. Telez: 310212 cimani. J. Wien: Osteneichsches Seefnechtenkontor Gestru.b.H. Telez: 7100212, 271298 cimagt. Milane: Chagori-Division of CLMA. Sp.a. Telez: 310212 cimani. J. Wien: Osteneichsches Seefnechtenkontor Gestru.b.H. Telez: 7100212, 271298 cimagt. Milane: Chagori-Division of CLMA. Sp.a. Telez: 310212 cimani. J. Wien: Osteneichsches Seefnechtenkontor Gestru.b.H. Telez: 7100212, 271298 cimagt. Milane: Chagori-Division of CLMA. Sp.a. Telez: 310212 cimani. J. Wien: Osteneichsches Seefnechtenkontor Gestru.b.H. Telez: 7100212, 271298 cimagt. Milane: Chagori-Division of CLMA. Sp.a. Telez: 310212 cimani. J. Wien: Osteneichsches Seefnechtenkontor Gestru.b.H. Telez: 71024, 7503 cm Contacts and Sp.a. Telez: 5331, 52372 pzst. Handburg: Gebruider Specht, Grobil & Co. Telez: 2174734 sph. Bremen: Gebruider Specht, Schüfmalder. Telez: 0245563, Zünich: Embrach-Embraport Rühne & Nagel A.G. Telez: 64391 nabl. Panis: Jobisty (France). Telez: 210905, Landon: Anglo-Yugotsv Shapping Co. Lt. Telez: 68431 nabl. Panis: Jobisty (France). Telez: 201905, Landon: Anglo-Yugotsv Shapping Co. Lt. Telez: 68431 nabl. Panis: Jobisty (France). Telez: 201905, Landon: Anglo-Yugotsv Shapping Co. Lt. Telez: 68431 nabl. Panis: Jobisty (France). Telez: 201905, Landon: Anglo-Yugotsv Shapping Co. Lt. Telez: 68431 nabl. Panis: Jobisty (France). Telez: 201905, Landon: Anglo-Yugotsv Shapping Co. Lt. Telez: 68036, S4481 vahor. Alteanate: Fernando Flores. S.L. Telez: 66088. Your contacts in USA: New York: Crossocean Shipping Co. In: Telez: W10 667260, RCA C322333, W1 12410, 710-581 6029 TWX. Honaton: Overseas Freight Corp. Telez: 170578 OVERFRT Hou. Savannah: Crossocean Shipping Co. el Georgia, In: Telez: 543015. Our total agency network includes over 400 agenzts. Co



lethal arms—that is to friendly non-belligerent countries, mainly non-aligned ones. On the other hand, non-lethal materials, such as quar-termaster equipment, medical 'supplies, training aids, over-haul and maintenance services, here here midde a wide argicity have been sold to a wide variety of countries including the US. Yugoslavia is 80 per cent self-sufficient in its defence

self-sufficient in its defence needs, manufacturing some 400 itams and systems. The country has recently hit soma difficultias in buying arms and licences, tha latter being preferred wbanever possibla. For instance, it timed to buy the licence for manufacturing a supersonic fightar-bomber. Nagosupersonic fightar-bomber, Nago facturer were started, but if e main stumbling block was tha refusal to sell the licence and knowledge for vital parts, such as turbine blades. Thus Yugo-

slavia may bave to go shopping elsewhere. Fears have been expressed by some countries that selling sophisticated arms to Yugo-slavia could be a security risk. For years Yugoslavia has been procuring arms and licences both in the US and the Soviet

union. No case of secrets being teaked has ben reported. Lately, the ugoslav military is becoming less secretive. Foreign correspondents were taken to the permanent exhibition of arms and equipment at Nikinci, some 70 miles north of Nikinci, some 70 miles north or Belgrade, and Admiral Branko Mamula, the defence minister, said that, except for a few mili-tary secrets all countries must have, the Yugoslav defence establishment is and will be

- Alexsander Lebl

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slavija lloyd

Reinsurance Company

WHEN IT COMES TO STEAM GENERATORS, MINEL KOTLOGRADNJA HAS SOMETHING TO OFFER



TRADING PROFIT 1985 (Six months to March 31) £34.7 million

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**TRADING PROFIT 1986** 

(Six months to March 31)

£67.8 million

For the ninth successive time, Guinness PLC can report that profits are up.

Our trading profit is almost double the one we reported this time last year. And in the last six months our profit before tax has soared to £59.3 million.

The interim dividend is up 12% to 2.24p over the same period. And earnings from our stock units are continuing to grow. Impressive results by anyone's standards.

All the more so because these figures don't include Distillers. And that was the largest acquisition in British company history.

Naturally, we didn't neglect our existing business while all that was going on.

Draught Guinness sales in the UK were up 7%. While beer sales overall were down.

Kaliber, our non-alcoholic lager, has taken off in the USA and looks set to do the same here.

And our retail division has made further progress in achieving their target of a 5% margin.

In the meantime, we're smoothly and successfully integrating Distillers into the Guinness group.

In fact we're now one of the world's largest and most prestigious drinks companies.

Which is good news for our stockholders. But surely a sobering thought for the competition.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION In re CONTINENTAL AIRLINES CORPORATION. Chapter 11 Case Nos. 83-04019-112-5 through #3-04022-113-5 and #5-05481-113-5 CONTINENTAL AIR LINES, INC., TEXAS INTERNATIONAL AIRLINES, INC., TXIA HOLDINGS CORPORATION. ugh #5-05483-113-5 TXIA FINANCE (EUROPE) B.V., TEXAS INTERNATIONAL AIRLINES CAPITAL N.V., and TEXAS INTERNATIONAL AIRLINES FINANCE N.V., Consolidated Case No. 83-04019-112-5

Debtory

Booth, Marcus & Pierce Attorneys for the Union Labor and Pensuon Creditors' Commutee 79 Filth Avenue New York, New York 10003 Attn: Claude Montgomery, Esq.

Ervin, Cohen & Jessup Attorneys for the Non-Union Emp Labor and Pension Creditors' Cc 9401 Wilshire Blvd., 10th Floor Beverly Hills, California 90212 Attn: Clifford Brown, Esq.

Milhank, Tweed, Hadley & McCloy Attorneys for the Chase Manhattan Bank, N.A., as Agent 1825 Eye Street, N.W.

Andrews & Kurth Attorneys for the Institutional Creditors 4200 Texas Commerce: Tower Houston, Texas 77002

BY ORDER OF THE COURT Hon, T. Glover Roberts

Washington, D.C. 20006 Atrn: Glenn S. Gerstell, Esq.

Attn: Hugh M. Ray, Esq.

#### NOTICE OF MODIFICATIONS TO DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION AND OF LAST DATE FOR FILING OBJECTIONS THERETO

## TO ALL CREDITORS. EQUITY SECURITY HOLDERS AND OTHER PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN AS FOLLOWS:

On June 10, 1980, Continental Aritimes Corporation, J"CAC"1, Continental Air Lines, Inc., Texas International Airlines, Inc., TX1A Holdings Corporation ("Holdings"), TX1A Finance (Europe) B.V., Texas International Airlines Innanci N.V., 1970, Provide Corporation ("Holdings"), TX1A Finance (Europe) B.V., Texas International Airlines Innanci N.V., 1970, Provide Corporation ("Holdings"), TX1A Finance (Europe) B.V., Texas International Airlines Innanci N.V., 1970, Provide Corporation (International Control (Internationa)))))
 Control (International Control (Internationa

2. Objections, if any to fine Modifications leacept those relating to modification of the treatment of the Finance N.V. 7 k<sup>27</sup>. Detentures, liked on May 23, 1986, as to which the rune for objections has expired i shall be limited to the Modifications, shall be in writing, and their due with the Backroptcy Court at the address listed below and served on the following persons on ot before June 20, 1986: e June 20, 1980: Gubson, Duna & Crutcher Attorneys for American Aitlines, Inc. and Sky Chefs 333 South Grand Avenue Los Angeles, California 90071 Attn: Ronald S. Orr. Esq.

Clerk of the Court United States Bankruptev Court United States Courthouse States Flow Seventh Floor 515 Rust Avenue Houston, Tevas 77002

Humorable T. Glover Soherts United States Bankroph & Judge 100 East Washington Loop Bilowi, Mississippi 39530

Continental Airlines Corporation 2929 Allen Parkway Houston, Texas 77019 Attn: Barry P. Simon, Esq.

Weil, Gorshal & Manges Attorneys for the Debtors Attorneys for the Debtors 707 Filth Avenue New York, New York 10153

and 1600 RepublicBank Center Houston, Texas 77002 Attn: Broce R. Zirinsky, Esq.

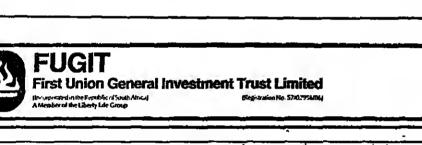
Dotson, Balcock & Scofield Attorneys for the Unsecuted Creditors' Commutee (2001 Interfact Haa Houston, Jexas 77002 Attn: William M. Schultz, Esg.

Bishop, Liberman & Cook Artorneys for the Public Debt Commutee 1155 Avenue of the Americas New York, New York 10036 Arm. David Strumwasser, Esq.

Wachtell, Lipton, Rosen & Karz Attorneys for Manufacturers Hapover Trust Company, as Agent 299 Park Avenue New York, New York 10171 Attn: Denis F. Cronin, Esq. 3. A hearing to consider confirmation of the Plan, as modified, shall be held before the Honorable T. Glover Roberts, United States Bankrupter Judge, on June 40, 1986 at 9.30 a.m. in Courtroam 1 of the United States Courth-use, 7th floor, 515 Rusk Avenue, Houston, Texas 77002.

Dated Houston, Texas June 12, 1986

WEIL, GOTSHAL & MANGES Automess for Debors 767 Filth Aschue New York, New York 10153



INTERIM REPORT for the six months en	ding 30 Jun	ne 1986		
	Notes	Six months ending 30 June 1 986 (Estimated)	Six months ended 30 june 1985 -(Restated)	Year ended 31 December 1983 (Actual)
Net income after taxation	182 [	#10 \$77 000	R10174000	£20018000
Weighted number of shares on which earnings per share are based Earnings per share	3	79 246 91 7 13,35 cents	81 972 000 12,41 cents	80 807 000 24,77 cents
Dividends per share	. I	-	E II constit	1. Bernahr

**UK NEWS** 

and a second second

# **Government to consider** curbing illicit copying

#### BY RAYMOND SNODDY

THE GOVERNMENT appears to be trips to Singapore and elsewhere moving towards taking actinn to how seriously they regard the prob-The Department of Trade and In- ment on Tariffs and Trade. dustry (DTI) has decided to call a high-level ministerial meeting,

Representatives of the main copyright bodies will be invited to in February, the UK Anti-Piracy the meeting, which will probably be Group, which brings together reprejointly chaired by Mr Geoffrey Pat- sentatives of Britain's copyright in-

Clark, the Trade Minister. For some time, government min- nations where pirates were active isters have been emphasising on to the detriment of UK industry.

BY DAVID THOMAS, LABOUR STAFF

ley, Labour's deputy leader, said

ployment register, Mr Roy Hatters- building industry.

public spending should be filled on-by by people taken from the unem-aim of ending casual labour in the

yesterday. This new commitmeot was given pressure on local councils, hospital

to the conference of the construct- authorities and nationalised indus-

ion mion, Ucatt, which is con-tries to begin preparing for extra cerned by the recent growth in self-spending in the expectation of a La-employment and casual labour in bour government. He said: "As far

the building industry. Mr Hattersley said that a Labour governmeot would give public au-thorities special grants to create out." Mr Hattersley claimed that

jobs, but subject to the condition there was now a determination in

that "the work must be done by the Labour Party to win the next

men and women taken from the un-employment register - not cowboys time since he bad become a party

noting lowards taking action to how seriously hely registration by the protect Britain's copyright indus-tries, such as publishing, records and computer software, from inter-taking action, as the US is doing, through Gatt, the General Agree-Another option being considered

probably next month, to review pos-sible options to prevent losses in world sales estimated at 11bn a ucts

Labour pledge on job creation

JOBS CREATED by the Labour bour-only sub-contracting dressed "Battles have yet to be fought and Party's commitment to increase up to look like respectable employ- won."

He also urged Ucatt to encourage

in February, the UK Anti-Piracy tie, DTI minister responsible for in-formation technology, and Mr Alan Government calling for a review of trade and aid arrangements with

and the second second

. . ... . ..

The report estimated that UK publishers lost £158m in sales last year in only eight countries. The main offenders, apart from Singa-pore, are believed to be South Korea, Indonesia, Malaysia and Pakis-

One book published last year by Longmans - A Comprehensive Grammar of the English Language - had been copied in Korea by December. Illicit versions of British medical textbooks are freely available throughout Sout-east Asia.

He gave three conditions which Labour had to fulfil if it was to win

the next election:

The decision to conduct a serious review of future policy options was taken at a meeting last week chaired by Mr Pattie but also ettended by Mr Clark and repesentatives from the Foreign and Commonwealth Office.

Publishers, teabag makers protest at Canadian levies

#### BY BERNARD SIMON IN TORDATO

BRITISH BOOK publishers and shakes and shingles, which are teebag manufacturers are con-cerned that a trade dispute between Ottawa and Washington will seri-ously dent valuable markets for their products in Canada accounts for almost all US shake

their products in Canada. The British Publishers Associa-tion sent a telegram to Mr Michael Wilson, Canadian Finance Minister. last week protesting against the im-minent imposition of a 10 per cent for its retaliation.

Britain is by far Canada's biggest minent imposition of a 10 per cent duty on book imports, and threaten-ing retaliation by the EEC against canadian books and copyright pro-tection. Tetleys, the British tea processor, has also protested against a six cents per Jb tariff on teabags due to take effect on January I. The duties on books and teabags

take effect on January I. The duties on books and teabags The du as part of Canada's retaliation choice was limited by the need to against an earlier US decision to confine the list to items where taimpose a 35 per cent tariff on cedar riffs are not bound by Gatt rules.

# Morgan Grenfell plans **Euromarket borrowing**

#### BY OUR FINANCIAL STAFF

 Labour should speak on issues of immediate concern to the general population - such as the need for more jobs, bospitals and schools. "We must define our ideological boundaries and we must defend

those boundaries against assault and infiltration," he said in a clear The two events could double the reference to the disciplinary action being taken by the party against around £600m. supporters of Militant Tendency, the far-left faction.

Labour bad to produce an electronic description of the second tion manifesto which contained practical policies. It should not attempt too much in its first two

MORGAN GRENFELL, the London ry International Group, Morgan's merchant bank, is planning a big London merchant banking rival. \$200m Euromarket borrowing soon The forthcoming stock market after its imminent flotation on the flotation – the prospectus is due to London Stock Exchange, Mr Chris- be published within a few days – is topher Reeves, the chairman, has expected to raise about £150m to add to the capital base. This expan-sion of the equity will give the

The two events could double the bank's capital from some £300m to around £500m. resources sufficiently to join the list

Although the nature and timing of major world investment banks. of the Euromarket loan have yet to Mr Reeves said the choice was Mr Reeves said the choice was be decided, it could well be a dollar- clear for Morgan Grenfell. "You denominated floating rate note is- need to be a certain size, or you are sue, on similar lines to the recent boutique. We have said we do not \$200m 20-year borrowing by Mercu- want to be a boutique."

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Financial Times Tuesday June 17 1986

Interna – declared 11 june 1986 Final – declared 12 December 1985	3	8,9 cents	6,8 cents	6,8 cents 12,5 cents
Net asset value per share	- + E	568 cents	504 cents	540 cents
	_			

- The income of the Trust does not accue evenly over each six month period of the financial year but is dependent on the timing and dividend politices of the Trust's underlying investments.
- Surpluses on realisation of investments have been transferred to a non-distributable reserve in terms of the articles of association of the company and have not been included in the net income after taxation set out above.
- 3. In the calculation of the comparative figures, the weighted number of shares on which earnings per share is based has been adjusted to account to both the one for ten borus capitalisation issue in July 1965 and for the fact that certain shareholders elected to recenve the spectral cash dividend of 50 cents per share in lieu of the bonus capitalisation shares to which they were entitled. The 1965 interum dividend of 7,5 cents per share has been restated at 6,8 cents per share, to adjust for the one for ten borus. nus capitalisation issue
- The net asset value shown under 30 June 1986 was calculated at close of business on 10 June 1986 after dedu herein declared.

DECLARATION OF INTERIM DIVIDEND in respect of the six months ending 30 June 1986

Notice is hereby given that interum doutlend No. 51 of 8,0 cents (1985: 6,8 cents) per share has been declared in respect of the year ending 31 December 1986 parable to shareholders registered in the books of the company at the close of business on Friday, 27 June 198

The dividend has been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the South African and United Kingdom transfer scretares on or about 18 July 1966. Cheques in respect of dividends issued by the United Kingdom transfer scretares will be drawn in United Kingdom currency equivalent as at 11 July 1966. Non-resident shareholders' is a at the rate of 15% will be deducted from dividends where applicable.

On behalf of the board	South African transfer secretaries	United Kingdom transfer secretaries
O. Gordon (Chairman)	Central Registrars Limited 4th Floor	Hill Samuel Registrars 1 intited 6 Greencoat Place
J. R. McAlpine (Director)	154 Market Street Johannesburg, 2001	London SWTP IPL
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# CORPORATE FINANCE

The Financial Times proposes to publish a survey on the above subject on Thursday 3rd July 1986.

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### **MAKING MILLIONS**

A recent analysis of satellite data has revealed a secret profit-making centre in the tranquil surroundings of the English countryside only 70 miles north of London. Further investigations have discovered a series of mysterious operations in which businessmen have been making millions.

## **NETWORK UNCOVERED**

A thorough examination of the satellite pictures shows the area to be in the middle of a vast network of communications. Heathrow, Birmingham International and East Midlands airports can clearly be seen within easy reach, and the East Coast ports are also nearby. And behind the whole of this network is a complex infrastructure of service and support. DEVENTEY

## **RURAL LOCATION**

It looks much like any other peaceful rural area; a pleasant mixture of towns and countryside and a mature society cheerfully tending its daily affairs.

Beautiful houses line the streets, there's plenty to do, and the pace of life is comfortable.

## SECRET ORGANISATIONS

But beneath this calm exterior lies an organisation of local businessmen and councillors working together to create the ideal business environment. They're able to count on the support and co-operation of a skilled and dedicated workforce that has adapted rapidly to changing modern needs.

#### **FAMOUS NAMES**

So it's not surprising that such famous names as Ford,

- Northamptonshire Enterprise Agency Ltd., 67 The Avenue, Cliftonville, I Jorthampton MN1 5BT Telephone: 106041 37401/2, Telex: 11.E.A. 311165 CHACOM

Nam

Company\_

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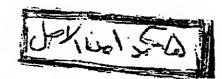
Weetabix, Avon and Barclaycard have been quietly getting on with being successful in this idyllic rural setting, known locally as Northamptonshire.

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Shop spending

suggests delay

in retail boom

BY WALTER ELLIS AND DAVID CHURCHILL

fell slightly in May, according to provisional figures, giving rise to lears that the widely forecast con-

sumer spending boom may be de-

Seasonally adjusted estimates

from the Department of Trade and

Industry suggest that sales in the retail sector declined last month by

0.75 per cent. Market expectations

were of a rise of some 0.5 per cent.

Retailers, however, deny that

May was a bad month. Some at least report high sales over the four weeks. City of London analysts were divided on the significance of

a one-month decline, if confirmed,

but most spoke of the likelihood of

BY PHILIP BASSETT, LABOUR EDITOR

THE BREAKAWAY miners yester-

day voted for the establishment of a

political fund - though the Union of Democratic Mineworkers' (UDM)

conference made clear that at best,

payments from any such fund

would not automatically go to the

Leaders of the UDM, formed out

of deep divisions in the National

Union of Mineworkers arising from

the 1984-85 coal strike, will now be-

gin to draw up political rules for the

union after the decision by 323 votes to 22 of the conference in Bux-

abour Party.

up a fund.

evised statistics.

laved until later in the year.

• Turney June 17 %

s, teabag, otest

an levies

enfell plan

borrowing,

# **UK NEWS**

David Churchill explains Ladbroke's decision to pull out of the amusement business **Rank calls the numbers in national bingo** 

Britain's first national hingo game in which more than half a million people in some 800 bingo clubs throughout the UK will hope to win the £50,000 first prize on offer.

THE VOLUME of UK retail sales figure, bloated by post-Christmas fell slightly in May, according to spending, was 117. duced bingo games to newspapers in the UK - is the latest attempt to stem the decline in popularity in what was once claimed to be Britadjusted data, retail sales rose by 6 ain's favourite leisure pursuit. per cent last month against May 1985. The average value for sales in the five months to May is put at 3 per cent above the level of the same With an apt sense of timing, therefore, the Rank Organisation yesterday moved quickly to become the UK's largest. operator of li-censed bingo clubs with a £87.5m agreed takeover of Ladbroke's bin-Brokers agree that the personal to clubs and amusement centres.

The deal will give Rank some 94 posable income generated by wage settlements, the rise in sterling and share of the total market for li-censed bingo club admissions which last year totalled 120m. Pre-

Mr Gavyn Davies, an analyst with Goldman Sachs, said that many wage earners had yet to catch up with the fact that their incomes had grown this year. When they did, they would begin to spend at a higher level.

the effects of falling oil prices.

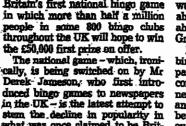
By value, based on non-season

The provisional index for May stands at 118.4 — below the figures for March and April but above pre-vious levels. The March index stands at 119.8 — a record high — and that of April at 119.3. The January

**Breakaway miners** 

period last year. .

benefici



savings sector has been the main beneficiary so far of the excess dis-

**Improvements** urged

The Treasury and brokers expect sales to increase again in the sec-ond half of the year, leading to a rise overall of as much as 4 per THE GOVERNMENT yesterday called for a drastic overhaul of for-

#### THIS WEEK sees the launch of viously, Rank's share of admissions viously, Rank's share of admissions executive. "Top Rank will become cial phenomenon, appealing to el-was behind that of Mecca, with the leading social and bingo club derly women and bousewives in the about 13 per cent of the market, but ahead of Coral with 9 per cent and

Granada's 8.5 per cent. Ladbroke's decision to pull out of bingo and amusement centres is part of its new strategic policy of concentrating on its core busi-nesses of betting, hotels, property, and do-it-yourself. We felt we could better use the money in developing our core businesses than remaining in bingo," explained Mr John Jar-vis, a Ladbroke Group director, yesterday. Rank, however, is keen to expand

its existing operations after the failure of its merger plans with the Granada Group earlier this year.

"Bringing the two social and bin-go club circuits together will pro-duce a significant improvement in profitability through both overhead and operating cost reduction," says Mr Michael Gifford, Rank's chief

business in the UK with 94 clubs, with annual admissions of over

Rank's belief in the future of bin- halls provided a regular escape for go is echoed by Mr Peter Hilliar, a leisure industry analyst with stock-brokers Fielding, Newson-Smith. "Although bingo is a mature indusatm try like retail bookmaking, it should not be written off as dead," he says. Bingo emerged as a popular lei-sure pastime in the late 1950s and early 1960s as an increasing num-ber of cinemas - hit by the growth of television - were converted into bingo halls. In spite of legal curbs on the amount of prize money and advertising that could be undertaken, bingo's popularity grew rapidy. In its heyday in the 1970s, there were more than, 1,700 licensed bin-

go clubs and more than 5.5m regu-Bingo became something of a so-

about 3.5m in the number of regular bingo players. lower socio-economic groupings The bingo industry has sought to

Bingo for these women was what betting shops were for men; bingo fight back and had hoped to push through legislation in 1983 (before it was killed by the general elec-tion) which would have paved the many housebound where the social osphere was often more imporway for a national bingo game tent than the winning.

But in the late 1970s and into the 1980s, bingo's popularity waned. This was largely a result of the recession, which particularly hit lowprizes of up to £50,000. er income groups, as well as chang-ing social trends. The bingo hall was no longer such an attractive en-vironment for younger women in market still in the hands of independent bingo halis - many of the face of new competition from other leisure activities, such as whom are not participating in the new networked bingo game - the pubs and wine bars. major operators hope that they will

Moreover, a rise in street crime be able to increase their share of has also deterred many older peo-ple who have to rely on public the market even if the long-term de cline in its popularity continues transport. The result has been a fall Rank, therefore, could be said to be in the number of licensed bingo clubs to about 1,260 and a decline to looking for a "full house" from its

press for S. African sanctions

THE GOVERNMENT today confronts a determined opposition attack in the House of Commons over Eventually, however, a private Eventually, nowever, a private member's Bill was passed last year which gave the goahead for a na-tional bingo game with single its refusal to impose immedia sanctions on South Africa, Michael Cassell writes.

Labour to

15

Faced with mounting internation al pressure to introduce economic measures and signs of growing un-With some half the admission ease within the ranks of Conservative MPs, ministers intend to launch an equally forceful defence of their refusal to be rushed into

early action. Sir Geoffrey Howe, the Foreign Secretary, who voiced the Govern-ment's deep misgivings about the imposition of sanctions at yesterday's meeting of EEC Foreign Ministers in Luxembourg, is expected to make a statement before the House debates a Labour motion calling for effective economic mea-

sures against South Africa. The Labour motion, says that, in the light of the report of the Eminent Persons Group, the Govern-ment should now work actively with the European Community, the Commonwealth and the United Nations for the imposition of effective measures.

The attack will be led by Mr Denis Healey, Labour's foreign affairs spokesman, who announced yesterday thet he is to visit South Africa next week, when he hopes to see Mr Nelson Mandela, the impri-soned leader of the African Nation-Mr Norman Willis, general secreal Congress. Mr Healey will hold talks with church leaders, trade union representatives and members of the United Democratic Front

□ JAGUAE needs a further four years to complete its turnaround, Sir John Egan, chairman, told the tricians' union EETPU - which has London Chamber of Commerce.

"Another four years are neces-sary to create the powerful compassure on the electricians by resubmitting a complaint to the TUC against the EETPU unless it inny we know it can become," be said. Jaguar, formerly part of the statestructs its members not to cross that owned BL motors group, was priva-Wapping picket lines. The executive of the National tised in 1984.

BRITISH SHIPBUILDERS' ex-Union of Journalists (NUJ) voted by ternal financing limit (EFL) is to 12 votes to eight at the weekend to rise by £57m this financial year to instruct members not to handle or process copy from journalists workmeet tha cost of redundancies and closures and delays in payments by Last week, the Plymouth-based

Mr Peter Morrison, Industry Minister, said that the EFL would rise from £73m to £130m, most of the extra money going towards re-structuring costs.

PHILIPS

munication. For a manual union such as the UDM to have such a fund, and not affiliate to Labour would be un precedented, but feeling against La-bour is high within the union because of the refusal of Mr Neil Kinnock, the party leader, to support the UDM even though the Labour leadership disagrees with many of the tactics of the NUM in the strike languages. The two ministers said that, comwhich led to the UDM's formation. The prospect is also clearly there

ton yesterday in favour of setting other political parties entirely, which would again embarrass La-A UDM political fund could be a A UDM political fund could be a bour. The move is a significant step further source of difficulty in the al- for the UDM towards greater credi-ready-strained relations between bility as a fully fladged trade union.

the union and the Labour Party, which refuses to recognise it.

of the union either supporting inde pendent labour candidates, or ever dersta

teaching young people other na-tions'-languages and "in our view, the time is right for a substantial

in language teaching BY MICHAEL DIXON, EDUCATION CORRESPONDENT reappraisal of the way in which that demanding task is carried out."

At present, only a small minority of people left full-time education with practical proficiency in a for-eign language. Very few had even been introduced to languages other than French, although German was at least as important for trading and there was also strong need for Italian and Spanish

The ministers said local education authorities running state schools should urgently prepare and put into force policies for teach-ing most pupils practical foreign language skills, at least throughout their compulsory secondary school-

Wherever possible, a second for-eign tongue should be taught to children from the start of their second or third year in secondary school

The ministers accepted that the new policies would require "some r limited improvement" in furth funds for recruiting and training additional teachers.

Foreign languages in the school curriculum. Free from Education Department dispatch centre, Can-ons Park, Stanmore, Middlesex

to heal rift over Polaris By Peter Riddell, Political Editor

**Owen prepares** 

DR DAVID OWEN, the Social Democratic Party (SDP) leader, yesterday indicated his willing-ness to begin discussions to heal the row within the leadership of the SDP/Liberal Alliance over nuclear defence policy.

In what was seen by partici-pants as a markedly conciliatory intervention, Dr Owen sought to cool the temperature of what had become a beated issue during a

Dr Owen apparently talked of trying to achieve an agreed for-mula and wording with the Lib-erals to find ways round the diferences over the replacement of Polaris. This was seen by other party leaders as indicating a desire to work something out with Mr David Steel, the Liberal leader, to prevent open division at the respective party conferences this anium, possibly via the for-mation of a new joint committee to look at the question.

This move will undoubtedly be welcomed by Mr Steel and other Alliance leaders by

BY HELEN HAGUE, LABOUR STAFF NEWS International has issued including £100,000 a month for sewrits against three more officials of curity at the plant are also included the print union Sogat 82. It is seek - together with alleged evidence ing injunctions to end mass picket that journalists offered jobs at Wapping have turned them down be-cause of the presence of hostile

Wapping picketing

injunctions sought

ing injunctions to end mass picket-ing outside the company's Wapping plant in east London, which is at the centre of the 21-week dispute. Mr Rupert Murdoch's company launched its fresh legal offensive period the main demonstrators. tary of the Trades Union congress (TUC), last night met representa-tives of the five unions involved in against Sogat and the other main print union, the National Graphical Association (NGA), on Friday after the dispute in an attempt to thrash Sogat's policy-making conference had endorsed calls to step up pick-eting outside the plant. This follows the unions' rejection out future strategy. Mr Eric Ham-mond, general secretary of the elec-

members working in Wapping of News International's £50m comwas among those present. The NGA favours increasing pensation offer to end the dispute over the 5,500 printworkers sacked when the company moved to Wap-

If the injunctions are granted and picketing continues, the unions could have their assets seized for contempt of court.

Writs have now been issued against six named Sogat officials and three London branches, and against Sogat and the NGA nationing for News International.

Affidavits signed by people work-Western Daily Press sought an in-junction against the NUJ for ining in Wapping accompanied the writs. Details of News Internationstructing its members not to handle al's costs arising out of the dispute -News International copy.

Some 550 million football fans will be watching the World Cup in Mexico this year That's the global television audience for most of the 52 matches being televised by Telemexico, a combination of the Instituto Mexicano de la

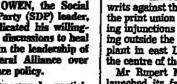


their use as tools of practical com-The document focused on the

harmful effect of Britain's lack of harmul. effect of Britain's lack of foreign language ability. It repeated criticisms made by an official com-mittee of inquiry 56 years ago in giving a warning that British com-panyies were often "fatally handi-capped" because their staff could not compare in overcase contonners.

# not converse in overseas customers

## pared with many competing coun-tries, the UK "bas a damagingly small proportion of people who unnd and speak a foreign language." Schools had a crucial role in



two-hour discussion at the party's national committee yesterday afternoon

Televisión and the largest TV network in Latin America: Televisa.



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Financial Times Tuesday June 17 1986

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On July 1st, three new funds join Standard Chartered's highly successful currency funds.

# **UK NEWS**

# Grumman given extended' deadline on Nimrod bid

#### BY DAVID BUCHAN

THE LONG-RUNNING saga of bow man. The first two of these three what it roughly estimates as less get a modern airborne early warning system has taken a new twist with the Ministry of Defence (MoD) decision to give Grumman of the US a further three weeks' grace to prepare what will be a fifth competitive bid to complete the troubled project.

Final bids to provide the RAF with an airborne early warning (AEW) system were originally due yesterday, under terms agreed this spring by the MoD with the present contractor, GEC Avionics, which has been struggling to fit its radar into Nimrod aircraft to the RAF's

Impatient with the Nimrod proame which is three years late and has cost £1hn so far, the MoD gave GEC an extra six months until early September, to prove to RAF

the Royal Air Force is eventually to suppliers have offered only com- than \$400m, or about half the cost plete AEW aircraft systems, totally of 11 complete Hawkeye aircraft replacing the Numrod and, there- The MoD also seems keen then fore, considerably more expensive. whatever AEW system is built a The third, Grumman, has offered should be by a sole prime contrar. its E.2C Hawkeye aircraft, but also tor, not with split responsibility as as a cheaper option the fitting of its in the past. Hawkeye radar into the Nimrod air- BAe said yesterday that the com-

puny was in no position to launch a A spokesman for Grumman in joint bid while it was still working New York said yesterday that the with GEC. BAe had completed al MoD had last week asked his com- most all its work on the Nimrod pany to come up with a firm fixed- AEW, and been paid for it If Grunprice hid for integraung the Haw- man were to win the current bid. keye radar into the Nimrod. As a ding, then BAe could join in with formality all bidders had been giv-the US company. But this would or en until July 7 to make their final cur only if GEC were definitively

tenders. The latert Grumman proposal set up a tug-o,-war for the loyalities of Britisb Aerospace. BAe, which bas been joint prime contractor clearly does not want BAe offering with GEC on the Nimrod pro-its services to a US competing gramme. Grumman wants BAe to Grumman, by contrast, believes it

# satisfaction that it could develop an act as prime contractor for the fit- could trump its US rivals by virtue AEW system. At the same time it ting of Grumman radar, computer of price and of having a UK compa-solicited rival bids from US suppli-software and display units which it ny such as BAe act as prime coers - Boeing, Lockheed and Grum- would supply, as subcontractor, for tractor. Payment by credit card ruled

#### BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

as being 'not conditional'

frame.

cannot be called upon personally to to the suppler, and that be paid for company, they could claim payment pay the suppliers of goods or ser- the goods or services he bad ob- from the customer, whose liability tes obtained on their cards if the tained when he paid the card-issu- to pay was not discharged until the card-issuing company goes out of ing company. business before it has paid the sup- To rule otherwise, the judge said.

plier, a High Court judge has ruled. In the first case concerning what he described as the complex legal relationships arising in an ev-eryday transaction of deceptively simple appearance, Mr Justice Millett held that payment by credit or be an unsecured creditor. charge card was not, like payment by cheque, a conditional payment ing Charge Card Services, a compaonly.

ny promoted by the Motor Agents' Association and the Scottish Motor Trades' Association, which went in-He said be reached his conclusion partly because a supplier who was not content to accept the security of February last year with a deficienthe card-issuing company alone, but wanted additional customer recy of about £1,9m. course, could require payment by cheque accompanied by a hank

paid for petrol and oil with the com-The judge added that there was a pany's Fuel Card. general public understanding that Garages in the scheme had ar- that payment by card was an abso when a customer signed the vouch- gued in court that, if a sales vouch- lute and not a conditional payment.

HOLDERS of credit or charge cards er be had discharged his obligations er was not honoured by the card goods or services had been paid for.

The issue arose in a case concern-

About 4,666 garages and 33,500

The judge said that the essence of the transaction between the ga would mean that if a cardholder rage and the customer was that had already paid the card company. they had each. for their mutual con he could face having to pay twice venience, previously agreed to oper an account with Charge Card Ser for the same goods or services. The supplier bad to look for payment to the card company, of which it would vices.

They had agreed that any ac count between them might be set tled by crediting the garage's and debiting the customer's account with the card company,

That process did not depend or to creditors' voluntary liquidation in the card company's solvency and February last year with a deficien- the customer must, at the latest h discharged from liability when the garage's account with the company cardholders were members of a was credited on receipt of the scheme under which customers voucher, not when the garage wa paid.

That, the judge said, indicated

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# The VS

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Financial Times Tuesday June 17 1986

card rul itional'

# Where would electronic <u>banking be without us?</u>

No one's done more to put electronic banking on the map than Bank of America.

To begin with, in 1956 we pioneered MICR cheque processing, an innovation that transformed the banking world. Then, twelve years later we sponsored the development of the first Automated Clearing House in the U.S.

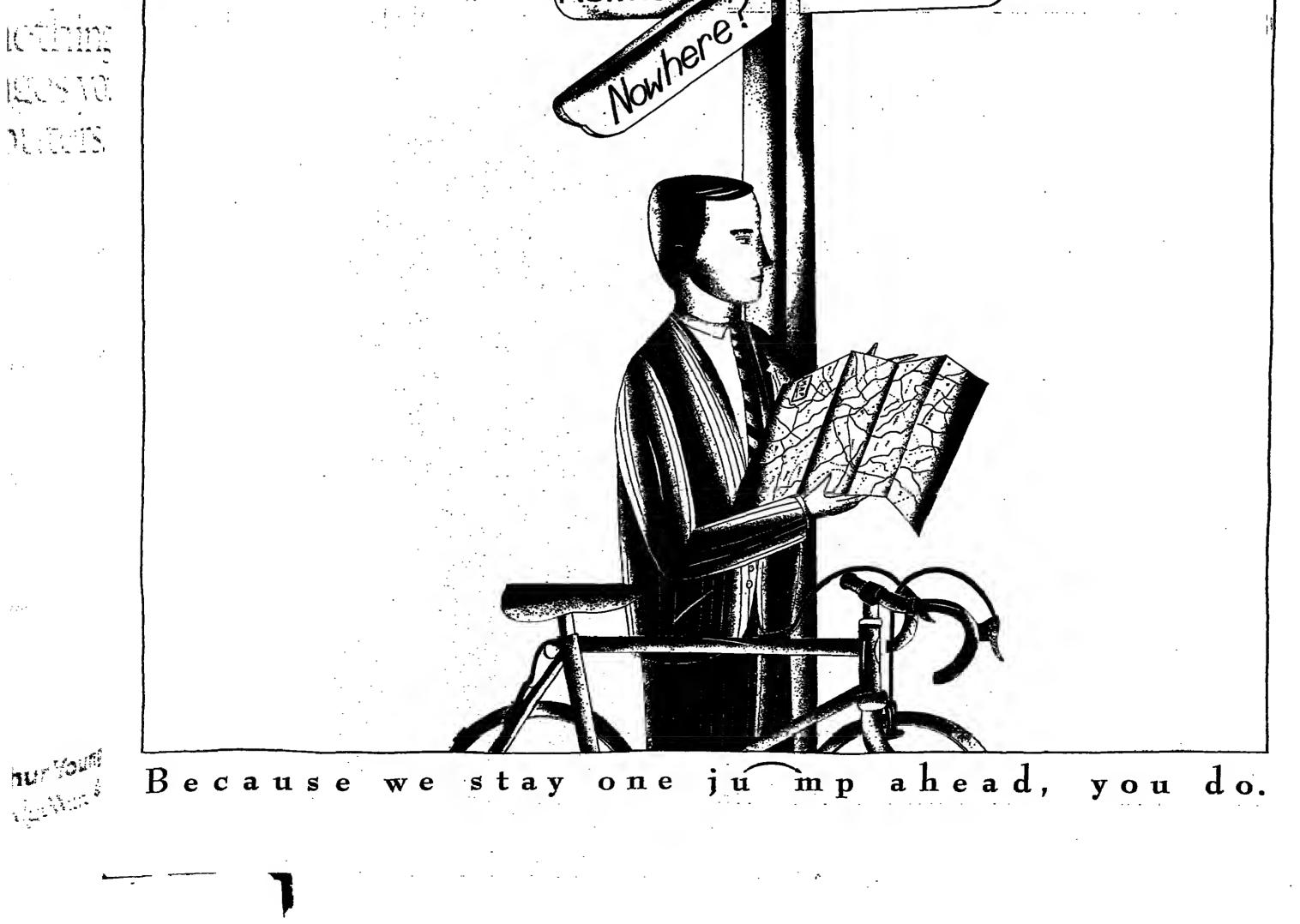
More recently we were the first bank to develop the treasury workstation in the U.S. In 1984 we offered real time transaction reporting across Europe and last year we marketed the first multibank automated treasury workstation in Europe.

All of which seems to suggest one thing. That if you want electronic banking that's one jump ahead, you should talk to the people who've been one jump Bank of America Treasury Systems ahead for the past thirty years.

Nouherer

Nowhere:

17



Vowhere

Lovel

BICENTENARY

Two centuries strong and

building

1786 /// 1986

FAR LEFT: One of VEGE's

FAR LEFT: One of VEGE's three computer numerical controlled robots. CENTRE: Storage facility at the Spij-kenisse plant. LEFT: Finished product. an Opel/Cavalier engine as supplied to the pur-chaser, complete with war-ranty. fitting instructions, service and European agencies illterature.

literature.

COSts

# **TECHNOLOGY**

Singapore puts an innovative touch into its computers

BY STEPHANIE YANCHINSKI IN SINGAPORE

SINGAPORE'S rapid move fashioning the keyboard. Normaway from mere computer ally, the 107 plastic "housings," assembly towards a role of computer innovation is becoming increasingly evident.

18

Two new products, a "smart" keyboard from Hewlett Packward (HP) in Singapore and an automatic keyboard testing unit from Apple Com-puter, show just how far the country has already travelled down this pad down this road.

At the same time more companies, such as the US telecommunications giant AT & T, bave announced plans to locate their centres of advanced research in the island republic,

Singaporean engineers at Singaporean engineers at Hewlett Packard's manufactur-ing facility designed their new generation of smart keyboards entirely from scratch, in record entirely from scratch, in record time, using the latest in CAD/CAM (computer aided design/computer aided manu-facturing) technology and tools. Meanwhile, Apple Com-puter's automatic method for testing keyboards, one of the fact in this fold openees trained first in this field, operates twice as fast as buman beings and is set vastly to reduce labour costs in this area of the computer industry.

Both companies are putting together teams of engineers, born in the region, but recruited from all over the world. Managers believe they are especially well equipped to compete with companies located in the Southeast Aslan region.

In designing their new key-boards, Hewlett Packard engiboards, Hewlett Packard engi-neers made fundamental changes both in the electronic circuitry for keyboard control, and in the design and assembly of a keyboard's shell and keys. Altogether, they reduced the number of components from over 1,000 to just 300, resulting in substantial savines in in substantial savings in assembly time, overheads and

in substantial savings in assembly time, overheads and costs, and improved reliability. Long considered mundane and "low tech," keyboards now rate as vitally important to con-sumer acceptance of computers and more attention is being put into their design and manu-facture. HP product engineers in Singapore applied a relatively unknown technique called "outsert moulding" to re-

which support the lettered keycaps, are moulded individually. Human hands or sophisticated robots then load each key into its own particular hole in the keyboard's aluminium base.

This is painstaking work, requiring great accuracy, as the slightest misalignment means the key will stick or not send a signal

In the outsert moulding pro-cess, a special tool directly monlds the plastic housings on to the metal plate, reducing 107 individual parts to one. HP's engineers have further reduced the number of keyboard components by manufacturing mats of springs, which alide inside the housing, giving the keys their bounciness and the "feel" so important to users.

This was not the only achievement of the Singaporean engineers. One of their teams, training at HP's facility in Cortraining at HP's facility in Cor-vallis Oregon in the US, de-signed a VLSI (very large scale integration) chip with 6,000 transistors on a wafer 3 cm in size to go inside the new key-board. This sharply reduced the number of integrated cir-cuits from 11 to 3, while vastly increasing the complexity of

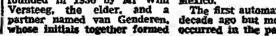
increasing the complexity of the chip. For instance, it now carries analogue as well as digital information so that the key-board communicates more fully than ever before with the com-

η.

puter terminal. Other international corpora Other international corpora-tions find Singapore a fertile place for innovation. SGS, the Italian congiomerate. opened a silicon water fahrication facility and design centre in October, 1984, which is soon to yield its first Singaporean products.

Apple Computer used local

Through trial and error VEGE has gradually automated about one-quarter of its production, welding together 50 years of experience in the rebuilding business with new and innova-tive technology. VEGE was founded in 1936 by Mr Wim Variation the older and





**Dutch automation fires on all cylinders** 

GREASY, filthy car engines the name of the small garage-ilitter the floor around the rear workshop company in Spijke-entrance to VEGE Motoren. But nisse. Mr van Genderen soon when they are shipped out, dropped out and the company in Spijke-these used engines are almost like new, except for the price. VEGE bas transformed itself from a duli and dirty business going public in a few years. The tobling recording to the top of the small garage-at a cost of around Fl 10m. About 25 per cent of the re-manufacturing is automated now and VEGE hopes to raise that to 50 per cent in the next by the Versteeg family, although from a duli and dirty business

VEGE bas transformed lise from a duli and dirty business doing engine rebuilding as jobbing work into an advanced technology company that re-manufactures engines to the highest standards and on a mass scale. Nestled among the oil

scale. Nestled among the oil refineries just south of Rotter-dam, the Dutch company is Europe's largest independent rebuilder of car engines with sales of Fl 74m (\$189m) last year. Nearly all of the 54,000 engines rebuilt annually are exported, 10 per cent of them to the UK. They are sold through a network of agents which distribute to garages. which distribute to garages, engine part-shops and individual

The decision to produce en masse was well timed as VEGE notorists. Japanece robots, electrowas abla to partially offset the Japaneze robots, electro-magnetic crack detection and automatic cleaning processes enable VEGE to match the quality of rebuilt engines from major car manufacturers with unrivalled efficiency. The shiny, metallic engines rolling off the assembly line carry a one-year or 12,000-mile guarantee. " No one can steal the autowas aous to partially offset the market slump in the early 1970s, when the first oll crisis cur-tailed driving, with higher pro-duction and more exports. The greater penetration of the European market, however, beightened competition with the hig independent cabuilder

tha big independent rebuilders and car manufacturers. or 12,000-mile guarantee. "No one can steal the auto-mation from us because most of it has been developed in-house," explains Mr Wim Versteeg, sales department managing director and a son of a confounder. Responding to this stiffer competition, Mr Versteeg and two of his sons decided in the mid-1970s to maintain quality at least on a par with the brand-name rebuilders and to increase efficiency even more. A two-pronged strategy was chosen; production in low-cost countries and automation. A production of a co-founder. Through trial and error VEGE

and automatori, A photocolum plant was set up in 1977 in Kalaa Kebira, Tunisia, and another overseas facility is under consideration, perhaps in Maria Mexico.

long experience, and acquired the rest outside, with the help of consultants, for example. The jobhing reconditioner prospered after the Second World War when transport was "We're so specialised we can't just walk out and buy it off the at a premium in the Nether-lands and vehicles were scarce. By the 1960s Mr Versteeg by the 1900s Mr Versteeg decided to move from piecemeal work to mass production, involv-ing the first real investment in advanced equipment. A major turning point for VEGE, mass production eventually pitted the Dutch concern against a

dozen major European re-builders and automakers instead of 70 tiny Dutch shops with one or two mechanics.

Revival of the Fittest

Versteeg, Mr Fred Versteeg, managing director, concedes: "We've made a lot of mistakes because we made it (automated equipment) ourselves. It is a constant development, every day," The automatic washing machine, which looks and works like a giant dishwasher, has gone through three improved ver-slops since it was first installed

The first automation began a 10 years ago. decade ago but most of it has The cleaning process was occurred in the past five years tackled first because it was

Laura Raun, in Amsterdam, looks at how a marriage of traditional expertise and new technology has transformed VEGE Motoren, of the Netherlands, from a small garage workshop into the largest independent re-manufacturer of

and manning fieribility. Workers assigned to the robots can be changed more easily because less specialised skills are required than with manual measuring, grinding and boring. VEGE hopes in the not-too-distant future to develop a robot that can weld cylinder heads to remove cracks, an especially difficult task for a machine because of the infinitely machine because of the infinitely changing location of fissures. "We're researching how to solve that," Mr Wim Versteeg car engines in Europe

shells, which can then be burnt

solve that," Mr Wim Versteeg says. Automation has indeed yielded benefits, the Versteeg brothers agree. Productivity has spurted. During the last five years the number of em-ployees has risen by 50 per cent, while sales have doubled. Five years ago each employee accounted for about F1 100,000 of sales whereas today that Valve seats are then semiantomatically bored out. The cylinder heads are checked for hairline cracks invisible to the naked eye through an electro-magnetic process in which ultra-violet light spots magnetised particles drawn to the fissures. The most dramatic step by far has been the introduction

of sales whereas today that figure has increased to Fl 140.000-150.000. Profits have doubled during the last 36 of robots for valve guide ream-ing and valve seat cutting, high precision steps that previously months

Production Japanese robots from Fanuc have been married to West climbed over the past couple of years because of the automation investments, Mr Fred Versteen explains, but at a slower pare German sensors, a merger that "the Japanese said couldn't be done," Mr Wim Versteeg says with gleeful pride. The sensors, reamers, grinders and borers all radiate from a central wheel not unlike a windmill.

explains, but at a slower pace than in the rest of the industry. A problem still to be solved, he continues, is too-high inven-tories. "We've tried the Japanese just-in-time method but we're still working on the problem " not unlike a windmill. The computer - controlled robots use their sensor arm to find the exact centre of a valve guide and then memorise the dimensions for the next cylinder problem." Quality control has improved duality control has improved sbarply as machines have en-sured a consistency that humao hands could not. Maintaining higb quality bas become indimensions for the next cylinder head of that type. Another arm bores the valve guide to the right size within one-hundredth of a milimetre and another arm

creasingly important as VEGE has offered an increasing numwill cut the valve seat to the ber of engine types, now be-tween 50 and 60. Consistent quality bas fuelled sales growth, will cut the valve seat to the precise size. Three of the Fi 250,000-Fi 300,000 robots have been installed in the past three years, which has led to a bigger market share, the Versteen increasing quality control. speed and manning flexibility. Workers brotbers add.

Retooling times have shrunk Retooting times have shring and operating time has lengthened. The factory operates 42} hours a week even though the employees' working week bas fallen to 38 hours. Throughput time for an in-dividual anging however has

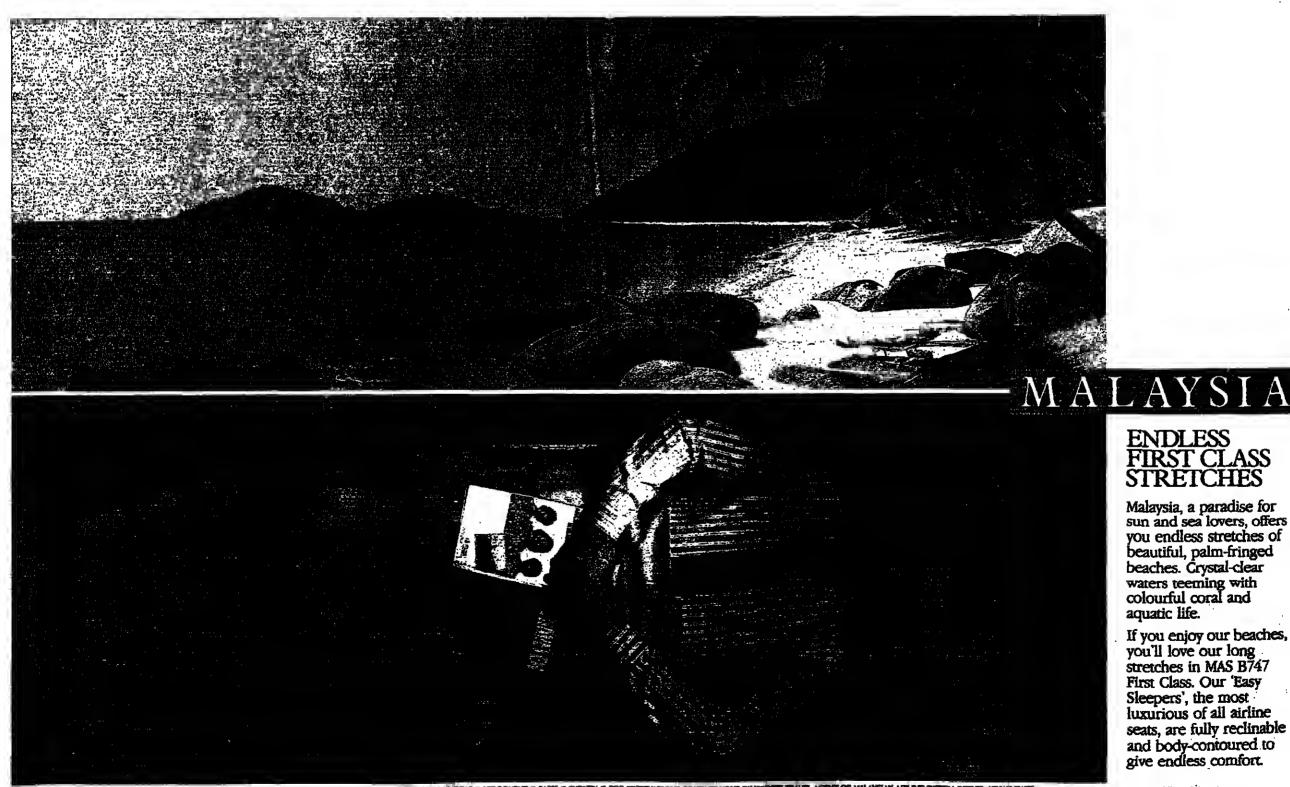
Throughput time for an in-dividual engine, however, has lengthened to 14 days, from seven or 10 days five years ago, because of the greater variety of engine models and brands, VEGE's aim is to cut this time back to one week. Finally, jobs themselves are made more interesting because

made more interesting because machines do the duller, more repetitive tasks. An employee in bis 20s, casually clad in jeans and t-shirt and sporting an earring, demonstrates how tections the manual walant-blasting was in the past. "It's much better now," he states. • On May 28 this series looked at Swatch, the Swiss watch maker and on Long 2 watch maker, and on June 3 Hoover, British domestic appliance manufacturer.

shelf," explains the younger Mr away.

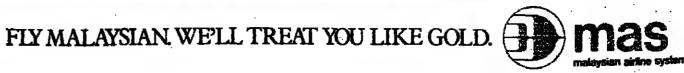
labour intensive and one of the were subject to human error.

labour intensive and one of the most crucial of the rebuilding processes. Even the tiniest bit of dirt on engine parts can bamper the very precise machin-ing later on. After this first move, other steps along the assembly line were antomated. Carbon deposits that cling stubbornly to the cylinder head, despite the wash-ing machine's three solvents, are hlasted off with crushed walnut



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creasingly appreciated. The British have a way of coming to their senses too often too late and for the wrong reasons, but none the less sin-cerely for that. This sometime cavalryman in the Austro-Hungarian army of the First World War, decadent artist refugee from Eitler's Germany in England throughout the Second, was indeed accepted at last by our cultural establish-ment as almost one of its own. 

ment as almost one of its own. How curions it 1s, therefere. and yet how characteristic that the painter of some of the greatest Expressionist portraits, made in that herole age of made in that herole age of modernism before the First World War when he was not yet 30, should find himself in the 1960s, after so long an interval of neglect, painting such luminaries as Agatha Christie and the Duke of Hamil-ton and his Duchess. One of the most remarkable of those early portraits, the Hervorth Walden of 1910, was for many years en loan to the Tate and might have come to it finally as a gift.

But the sad story is that the loan was abused, the work neglected and the chance gone long before the Tate could make amends by the major retrospective it gave Kokoschka in 1962.

and receiver in the model of the cover how much less remote, largely responsible for the cover how much less remote, splendid catalogue that the how much more immediate and United Technologies Corpora- germane, expressionism in all tion has produced for the its aspects now is.

**Restless** expressionist in retrospect Oskar Kokoschka died in the February of 1980 in hospital in Montreaux, a resident of

Montreaux, a resident of Switzerland for nearly 30 years, a British subject since 1947, and a few days short of his 94th birthday. His had been indeed an arratic, restless and, even in those later years, a much-trevelled life, so it is perhaps no more than right that now the centenary of his birth should be marked by a major retrospective exhibition origi-nated and put together in London, where since the war at least his work has been in-creasingly appreciated. The British have a way of

Financial Times Tuesday June 17 1986

not worse. A major public exhibition held in the artist's lifetime will held in the artist's lifetime will inevitably celebrate to a great extent the artist himself as a personality beside his, indivi-dual achievement. Especially was this so with Kokoschke in 1962, when the expressionism in which he was set was, mulatis mutandis, a thing it seamed of the distant past and longevity itself, and survival in evident itself, and survival in evident

vitality, enough to secure eur interest and admiration. A quarter of e century on we may in 1962. The present show, chosen by guarter of e century on we may Richard Calvocoressi, an Assist-ant Keeper in the Modern Col-lection, who has also been certainly it is curious to dis-largely, responsible for the how much less remote, how much less remote, how much more immediate and how much more immediate and how much more immediate and



Kokoschka at the Tate/William Packer

Children Playing (1909), from the Oskar Kokoschka retrospective at the Tate Gallery very different, for now the 1914 could hardly be sustained

ocurva is necessarily complete, and if his long life's work is Time in any case has much never without interest, it is moved on and with it our view uneven and marked by slow of the work. Less is certainly decline. Effort is redoubled, scale amplified, a certain desperate intensity achieved but never are that first concen-

tration, that febrile, nerveus, line and intense, almost psychological presence of the image to be receptured. And that said in its turn, I must also add that in compara-tive terms the work of Kokoschka's extreme old age is

among the most distinguished of its time. We may have wit-nessed a revival of figurative and representational expresand representational express observation. sionism in recent years, but . And though by the early far too many of the younger 1920s Kokoschka had already painters Kokoschka must stand been actiled in Dresden for as an example and reproach. Als some years and was a figure on ways in his work, no matter how the wider stage of European loose tha statement, there is we wider stage of European

Largely responsible for the cover now much ness remote, ways in his work no matter how the wider stage of European all, are rarely great all the splendid catalogue that the how much more immediate and losse tha statement, there is modernism, always on the move time, and we demean them, and United Technologies Corpora- germane, expressionism in all the underlying, disciplined to Parls and Berlin, to Landon, decrive ourselves, by insisting tion has produced for the its appects now is. sense of form seen; studied and Prague, Italy, these drawings otherwise. This fine exhibition, occasion, is not so large nor. It is only fair to say that so comprehensive for it has some of the judgments that and structure established. Never would always be a Viennese in until Angust 10 (then on to rather fewer oil paintings and were then suspicious have been nothing of the graphic work, borne out, Kokoschka's astonish-its opportunity, however, is ing burst of creativity before tion, of the thought as the deed, and the Vienna avant gards, the balanced view.

For Kokoschka was from the first a very great draughtsman, in which aspect of his work he was to remain rather more con-sistent. The Tate here does him full justice, and to stand in the first of the two rooms towards the end of the exhibition, which and liaisons, arrogances and in-full justice, and to stand in the first of the two rooms towards their place, but it must be the work as such that finally secures togethar offer a reprise in small that reputation. The expression-of the entire carser, is to enjey ism of which he was an early one of the most moving experi-and leading exponent we now recognise as one of the most powerful forces at work upon the 20th entury creative imag-larger portrait studies take us ination. Kokoschka was not the into the early 1920s, each image greatest of the expressionists, so swift and direct in its exeru-but theirs was always a collec-tion and, yet se tender and per-tive, cumulative and various tion and yet se tender and par-ticular in feeling and exact in

Klimt's public and Schiele's Kimt's pupil and Schiele's peet. The first rooms of all, which are given to his early years in Vienna and Berlin, en coming back to them n second time, confirm the point. As a painter Kokoschka would use colour freely enough-te risk a truism-but he was clearly never a colourist. Where the werk disappoints, as it does so often from mid-career, never more so than in the last work, it is neither for the imagery nor for the physical handling of the material but always for the colour. The more colourful

THE ARTS

the greater the problem. Pitched in a lower key, as these early paintings are, the articulation of form more tonal than chromatic, the results are always the more imaginatively potent and physically beauti-ful. The paint is often thin, scratched and scrayed across the surface, the imaga inscribed with a nervous insistency that verges at times on the un-certain, yet even as we acknow-ledge the presence and achieve ment of a great artist. All was done before 1916. Fame. notoriety. obscurity

.Fame, notoriety, obscurity, and established celebrity would follow in their turn, to fill cut a

life more than rich enough in incident to occupy the biogra-phers a long time yet. The loves and lizisons, arrogances and intive, cumulative and various achievement and he certainly had his moment. To qualify the later work in the light of that spectroular youthful achievement is not to depy it its due respect. Great artists, after all, are rarely great all the time, and we demean them, and

val on Sunday mounted a tre-mendous undertaking-a concert performance, complete in every bar and repeat, of Berlioz's mighty masterplece. The Bournemouth Symphony Orchestra and combined Bournemouth and Portsmouth Bourgemouth and Portsmouth choirs were conducted by Roger Norrington; the anterprise was spensored by Brittany Ferries and the city of Caen (Ports-mouth 1986 has been a "French" festival), and broad-cast live en Radie 3. The case for The Trojans was fort around by British concert

the colour. The more colourful the work, as it frequently is, the greater the problem. and the picky critic might have found instead occasion to regret that this was a concert, not a staging, of what is after all one

of the supreme instances in the eperatie literature of theatrical spectacle tuned to the highest pitch of dramatic meaning. Even in these circumstances

the work affords many purely

## Max Loppert For the finale of its 1986 physical exhilarctions to stir an the pain threshold (this hall no chedule the Portsmouth Festi- andience, and Norrington doubt answering for some of avery corner of the Portsmouth Guildball, the "erchitectural" side of the score was cared for as vividly as these clear but dry acoustics would allow. But British and North American singers in evening dress using language not their own in which to mark out character dimensions are inevitably at e disadvantage; and, with one noble exception, noce was sufficiently self-charged with dramatic power to overcome it.

Les Troyens/Portsmouth

Yet report on the occasion can hardly end there; for no complete Trojans ever can be just another concert perform-ance, and with such a conducter in control the thrill and gran-deur of its long lines and large forms uses user often invoked

lyricism of the garden sequence never fully left to breathe. But Norrington, who some years age first showed his mettle in a Chelsea Opera Group Fall of Troy, inspired increasingly fine orchestral pleying, and got the best out of a willing but over-parted chorus (teners particu-larly lacking metal). Eiddwen Harrhy was a soprano Dido — classical, exquisitely cool on the surface and deeply fired beneath, alert to verbal nuance, wanting only power for the finale and sensual lustre for the love music. The Cassandra, Jo Ann Pickens, had a fine voice but not much of a Berliozian way with it. Stuart Kale's Aeneas proved impres-sively accurate and surprisingly unforced, theugh the stature of

the edginess), the sublime lyricism of the garden sequence

19

deur of its long inbes and large sively accurate and surprisingly ferms was very often invoked unforced, theugh the stature ef with the most genuine sort of the character had to be sur-Berliozian passion. If there mised from his clean singing. Was a fault, indeed, it may have Among the smaller parts John been conductorial over-enthu-slasm—brass and percussion ghosts) stood above the sound effects driven to the edge of middla level notched elsewbere.

## NCOS Orchestra/Goldsmith's College

#### **Paul Driver**

Goldsmith's College is per-like bleakness of a vision wall as the familiar inter-petuating the tradition of the embodled in a score of Tapiola- weavings of austore melody, discontinued BBC College Con-like economy and richness of jabs of iridiscent clusterdiscontinued BBC College. Con-certs with its ewn series of presentations "designed to be ef interest te a university andience" and embracing both "unjustly neglected master-pieces from the past and especially interesting music of our time." The programme performed by the symphony orchestra ef the National Centre for Orches-tral Studies on Friday fulfilled effect. The conductor was Adrian Leaper, replacing Harrison Birtwistle, whe is suffering from tennis elbow. He was from tennis eloow. He was billed not only to conduct this piece, but Stravinsky's Sym-phonies of Wind Instruments (which Mr Leaper went on te take at an amazingly fast and detrimental speed) and his own wish for sources on the National Centre for Orches-tral Studies on Friday fulfilled this purpose, assuming that is, thet Holst's lata masterpiece, Egdon Heath, is naglected (I suppose it is). The short tone-poem, inspired by a descriptive brief setting for soprano and chamber orchestra, Words Over-heard, which had its first London airing in the event under Mr Leaper's baton. The settiog, mada in a week possage in Hardy's Return of the Native, was given an extremely persuasive reading, which duly pointed the sig-nificance of each of the few notes, brought to ettention such

The settiog, mada in a week last October (and dedicated te tha late Brigitte Schiffer), is, I take it, of the composer's own words a close relative of his Songa by Myself premièred by the London Sinfonietta some months ago. The precise refer-ence of the words is not readily compared on Sint bounder but feetures as the uncommonly expressive sub-division of the string section (string har-

weavings of lividiscent cluster-harmony, woodwind tickings, and densely packed rhythmie blocks are an altusion to Berg's harmony and some use of sur-prisingly simple rhythms. The vocal line—nicely developed by Penalope Walmsley-Clark — is lively, witty and bright. The work as a whole appeals for its nevelty, brevity paneche.

A cleverly devised, textur-ally fresh and angaging short essay-The Barber's Timepiece - by NCOS composer-in-resid-ence John Woolrich was also played: with its percussive tick-tocks, axtended melodies for a woodwind section including saxophone, and processional character it made an excellent complemant to the Birtwistle. Adrian Leaper proved his considerable worth not just as an orchestra-trainer but as e string section (string har-apparent on first hearing, but performer in a vivifying, pun-monies eften spread from the the musical gestures are gent, fascinating account of back-desks inwards), and con-instantiy apprehensible, even if Suravinsky's Symphony in Three vincingly conveyed the Tapiola- some of them are new. For as Movements. of

# Czech national heritage enshrined in green marble

For anyone who likes Czech Narodni Divadlo involved also music the Narodni Divadlo is some brand-new construction, more than an opera bouse; it the creation of a plazza to the

more than an opera bousse: It the creation of a plaza to the is e shrine. Built just over a theatre's right with an adminis-century ago not with state tration building, a bar and funds but by popular subscrip-tion at a time when the Czech good post-opers supper there), nation did not exist politically but was only an ideal, the Net-cord and a new small bouse, the Nova but was only an ideal, the Net-burged when the creation of a plaza to the tration building (I ete a subscription of a plaza to the tration of a plaza to the tration building (I ete a subscription of a plaza to the tration of - The Nation to Itself - pro-claims the Czech people's pride and detarmination. That dc-termination was put to severe test in 1881 when, within a few weeks of its inauguration, the theatre was decided on the skeletal time theatre was decided to make be structure was already in place. claims the Czech people's pride and detarmination. That de-termination was put to severe test in 1881 when, within a few weeks of its inauguration, the theatre was destroyed by fire, and the patient Czechs had to collect funds a second time, to opened in 1883. But the main places for repertory opera will remain the Smetana Theatre and the Narodni. In Prague, of course, "repertory" has a aomewhat

different meaning. While I was rest of the cast was good. young bass Pavel Horacek was In the city, Faust, Carmen and Trovatore were being per-bor Jedlicka, who sang Dikoj, the devil's while bis real-life formed, but the two houses and the pretty young Lydie Hav-between them were giving lakora, the Varvara, virtually a what lighter bass, Jaroslav almost the entire Smetana, debutante. Canon Some Janacek, and works At the Narodni Divadlo it by Novak and Flhich; the was possible to hear, within a the devil's antagonist. Since national repertory, in other few nights of each other; the two characters are supposed The new production of v Cechach (The Brandenhurgers atdeed mice in the supposed in the state of the section of the section of the first opera, Brandenhurgers atdeed mice in the state in the state of the state of the state of the section of the

first performance, en the Three-penay Opera set in the Olivier, of Sung and Unsung, a Brecht and Eisler programme devised

Platform performances/National Theatre

### **Michael Coveney**

with golden mezzo and masks the Tyl Theatre's restoration is and warm red plush. The Nat-complete, the drama company ienal's second house, the will probably move there, and Smetana Theatre, had been tha Nova Scena can be used for restored a few years previously; epera alone, prehably early end now the historic Tyl opera, not requiring a large Theatre, where Mozart's Don orchestra, and contemporary Contaming and its previously entries and contemporary Giovanni received its premiere, experimental works. is eneased by scaffolding for a But the main place cemplete everhaul: it will re-open in 1991, the hicentennial

of Mozart's death. The restoration of the The new production of v Cechach (The Brandenhurgers Janacek's Katya Kabanova at the Smetana Theatre is designed tova Stena (The Devil's Wall). Jernek, it is chiefly the master artist who leaves his imprint on the productions (in 1964 and 1974): lacy follage projected over the stage, a stark interior. a sense of confinement. But then you realise that the drama is now being seen from a slighty shfited angle. The river, which is almost a character in the story, is now dark, still, menacing, almost an black and whic; and the lafty transpy, magic in the hannting love scene. can also turn grim. shifted angle. The river, which is almost a character in the story, is now dark, still, menacing, almost in hlack and white; and the leafy canopy, magic in the hanning love scene. can also turn grim. The interior of the Kabanov house is harren and cold, con-trasting with the heat of the pas-sions it contains. Unfortunately, the heavy baton of Frantisek vajiar marred the work's effect, as did the often shrill singing and e nable knight resembling Lobengrin, the opera emerged from Smetana's pen as a more serious, even hitter piece, re-tion ef his last deaf years. The conventional staging of house is harren and cold, con-tains it contains. Unfortunately, the heavy baton of Frantisek vajiar marred the work's effect, as did the often shrill singing and the high spots--the lovely

venuer marren the work's energy. Noster conducted with insight, as did the often shrill singing and the high spots-the lovely of the Katya, Merta Cihelnikova "Dohry Den" echo chorus, fer (Gabriala Benackova had sung example — made thair point. The opening performance). The Among the singers, the exciting

by Dominic Muldowney; end, on Friday, en the Futurists set In the Cottesloe, the final per-formance of Irina Brown's Marina Tsvetaeva, Poet and Outcast. Both were well worth seeing, both biographical illustrative exercises with little pretence to you do not go to Prague to hear all-star casts; you go to haar music, and you can almost hear music, and you can almost always count on the orchestral playing and the choral singing, and the glow that comes from artists performing works fami-liar to them, though to us unfamiliar, aven exotic.

dramatic flair, both scenically reliant en that essential stand-by of all reedings, poetry scs-sions and Platform perform-ances, the bentwood chair. The Brecht cast, led most ably by David Calder and, from a greater distance. Robert Lock-hart on the piano, read from folders. The Tsvetaeva trio acted as if in a play, which in s way they were, especially the remarkable Fione Shaw as the willowy, restless poet who spent many years in exile and hanged herself in 1941.

William Weaver Sung and Unsung, after

VIENNA

June 13-19

only familiar musical item. It tive, sensitive skim over the is marvellous to hear Mr Calder territory, and Fiona Shaw's territory, and Fiona Shaw's haunted, bunted poet is unand Joanna Foster giving haunted, bunted poet is un-oomph and satirical edge to mistakeably representative of "The Ballad of Regulation Tsvetaeva's genius. 218" (ebont the necessity of mothers producing fodder for phenomena, rather reeking of cannon and factory), and Eve Adam letting rip in good dis-fired aspiration. They de not cannon and factory), and Eve Adam letting rip in good, dis-respectful Georgia Brown styla on, among others, "Song of the Brothel Madame."

Brothel Madame." Eisler was a more cunning composer than Welll. but his Songs, as Mr Muldowney demonstrates, are often just as melodically insidious and The most promising Platform project of lete was Edward melodically insidious and rhythmically interesting. rhythmically interesting. Fina Brown has a similarly didactic task in alerting us to the poetry and extraordinary most of the characters who appear in Dusty Hughes's Futurists (which completed a scandalously inadequeta three-month stay in the NT reper-tolre on Saturday night) and wrote about them in Crajt, her ABSA's Business III-prepared Gordon Crajg tribute. Perhaps when that is knocked into when that is knocked into shape. the Platform slot will have reached a new standard. Meanwhile, the programme has received a sponsorshin boost South East "Caoitalcard" to the tune of £30,000 fer ene year, to be added te the £10,000 from ABSA's Business Incentive Petherbridge's toire on Saturday night) and wrote about them in Craft, her account of the cataelysmic events of 1921

ABSA's Basiness Incentive Scheme. Sung and Unsung is playing next on June 30.

Ill-prepared

events of 1921.

now exposed to some axciting

British art.

Sponsorship/Antony Thorncroft

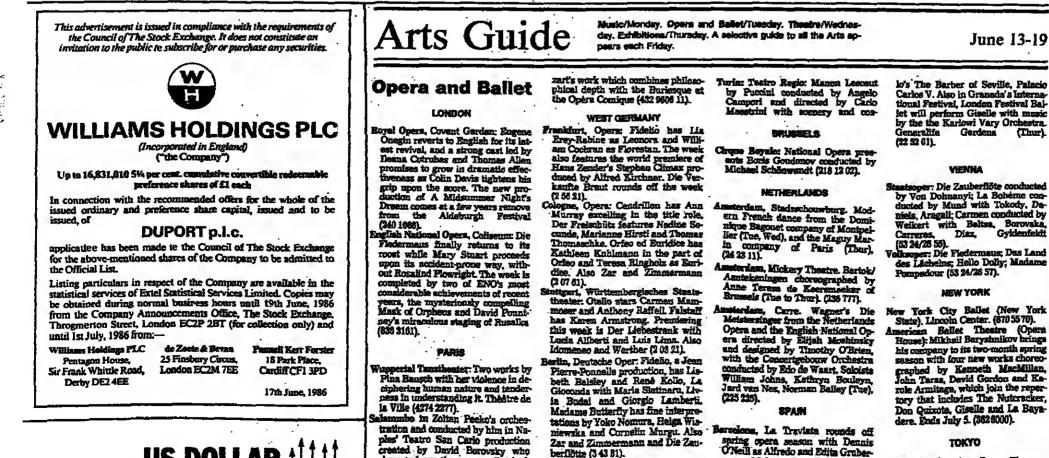
Terminal case for art

Perhaps the most adventurous executive lounge at Terminal 1 commission of recent months and researching travellers' has come from British Airways, response. Over 90 per cent has come from British Airways, response. Over 90 per cent which has enhanced the three liked the art. To play up the lounges used by its more promotion of British art each affluent customers at the new work comes with information Terminal 4 at Heathrow with about the artist, and the main 37 works by leading British collections where they can be artists, Travellers, whiling viewed again.

## Saleroom

British Airways has invested A large Yuan blue and white 250,000 in the venture, but now dish was bought by the Heng has a valuable, varied, and Kong dealer Robert Chang for appreciating collection. Among £86,400 at Christie's yesterday, the artists included are Bridget at the bettom of its ferecast, in Riley, Patrick Heron, John a Chinese ceramics sale which Walker, John Hoyland and Sean totalled £415,865, with 19 per Scully. The aim was to go for cent unsold.

Schity. The aim was to go for cent unsold. cool, reflective paintings, Dealers were active buyers— abstract but unchallenging, Stanley Herzman of New York which fitted into the modern paying f41.040 for a Ding Yao decor of the lounges and to the dish (well below estimala). unreal escapism of air travel. Christian Deydier of Paris The callery Inda Rowan was \$22,400 for a gilt bronge figure the tatk of accompliant of a Boddbiesting data Sil siven the task of assembling of a Boddhisattiva, dated 512 the collection which began with AD and Chang again, £27,000, a list of the wanted artists and for a blue and white oviform



US DOLLAR S IN THE FT EVERY FRIDAY

ples' Teatro San Carlo production created by David Borovsky who chose to leave the opera unfinished. His decor of abstract mobile panels

Lus Geoor 62 Abstract mobile panels bathe the scene in as atmosphere of the unreal. Paris Opéra (4266 5022). Die Zanberflöte in Marcel Binwal'a production tries to show the shaft of optimism shining through the com-plaxity and contradictions of Mo-

TTALY Florence, Teatro alla Pargola: Dance Theatre of Harlem (24 23 61). Naples: Teatro San Carlo: Romeo and Juliet by Prokofiev danced by Carla Fracci and Georghe Jancu. Chareog-raphy by Roberto Fascilla (41 82 68).

lo's The Barber of Seville, Palacio Carlos V. Also in Granada'a Interna-tional Festival, London Festival Bal-let will perform Giselle with music by the the Karlowi Vary Orchestra. Generalific Gerdens (Thur).

ova as Vipletta, Gran Testre del Li-cau, Sant Pau 1. (318 9277).

Matrid, Manuela Vargas and Co Premiere their successful El Sur y La Petenera in Madrid. Teatro Monumental. Atocha 65. (239 4014). Grande, Petruzelli Theatre of Bari, Italy, will perform revival of Palsiel-

graphed by Kenneth MacMillan, John Taras, David Gordon and Ka-role Armitage, which join the reper-tory that includes The Nutaracker, Don Quinota, Giselle and La Baya-dere. Ends July 5. (3626000). TOKYO

Alvin Ailey American Dance Theatre: Bhue Suite, Cry For Bird with Love, Revelations (Wed); Night Creature, Treading Suite, Otts, Revelations (Thurs, matimee): Divining, Love Song, Speed, The Stack-Up (Thur, evening). Nakano Sun Plaza (237 9999; 980 6666). then negotiations with their gal- jar. leries, which, in addition te

NEW YORK New York City Ballet (New York State), Lincoln Center. (870 5570). American Ballet Theatre (Opera House): Mikhail Baryshnikov bringa

## FINANCIALTIMES BRACKEN HOUSE, CANNON STREET, LONDON EC4P 48Y Telegrams; Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday June 17 1986

# **Relief for** Mr Kohl

'ONE IS enough " is the sentlment attributed to Winston Churchill on the subject of parliamentary majorities. By no stretch of the imagination is Helmut Kohl a Churchill, but the feelings of the West German Chancallor on the morrow of Sunday'a vital atate election in Lower Saxony must be identicel. A swing of just 50.000 votes would have tilted the result the other way, and given the left, in the shape of the Social Democrats and Greens, control of the stata assembly in Hanover,

In the event, though, Mr Ernst Albrecht, the outgoing Christien Democrat prime minister of Lower Saxony, will command a majority of a single seat; and at a stroke e bundle of nightmarisb possibilities baa been liftad from Mr Kohl's long suffering abouiders. The Bandesrat, or second house of parliament in Bonn, will remain in the hands of the government parties, denying the SPD the chance of impeding key legiala-tion such as taxation and strike law reform. His own fulura as party leader, clouded by a well deserved reputation for clumsi-ness and leck of leadership, now looks impregnable, at least nntil after the federal alections, dne next Jenuary 25,

State elections in West Germany, like by-electiona in Britain, ara now national, rather than local, political occasions. Tha message from Lower Saxony, bowevar much obscured by discontent among farmers-who would normally vote CDU - and the fall-ont from Chernobyl. is simple: that tha centre right coelition in Bonn has been given a sharp mid-term rap across the knuckles by a bored, rather irritabla, electorate: but that the much-touted risk of "redgreen chaos" at the fulcrum of the European strategic balance in early 1987. remains a pretty remote possibility.

#### Secret disappointment

True, it may be argued that Sunday's outcome gives the SPD much to cheer; the party did, after all, raise its share of the vote by 6 per cent, and has been spared the embarrassment of having to negotiate with the prosperity—and the conviction Greens to form some kind of that the SPD is not ready for government in Lower Saxony. power—offar him a second This would only have damaged term, eWst Germans and West the credibility of Mr Johannes Europeans alike will expect Rau, Mr Kohl's Social Democrat something more.

opponent in seven months, who has vowed that whatever happena, be would have no truch

industry has seen its dominant market abare eroded first by Japan, and then by South Korea, and now by China and Taiwan moving np close behind. Now, with order books at less with the Greens in Bonn. Rarely can circumstances bave been more favourable for the Greens: in fact, despite Chernobyl and the Govern-ment's feeble initial effort to than a quarter of the mid-1970's peak, Governments are wonderment's recole initial enort to cope with public anxiety, the Greens did scarcely better than in 1982. Perhaps the adrolt appointment of an environment ing whether it has all been worth whila. And the EEC, which has attempted over a decade to play a central role in the restructuring of tha in-dustry, is groping its way tominister shortly before the poll had something to do with it, but West Garman voters bava again demonstrated that they wards a more penetrating and realistic policy. are not ones for plunging into tha nnknown.

Talks are now under way on bow to curb aid, estimated at over \$1bn a year in direct and indirect form, and on how to Measured against the last ganeral election in March 1983, keep a closer eya on the vary-ing subsidiaa and support from EEC mebers. The question now is not so mucb whether there is a policy capabla of restruc-turing the industry, but whether ship-building in Eurone can survive at all Sunday's vote shows a 2.2 per cent drop in support for the CDU and its smallar Free Democrat (FDP) allies.

shipbuilding industry has grown more and more sickly, Govern-ments have gritted their teeth,

paid heavily for the cost of care,

and encouarged yards to hold

The have poured in billions of dollars of subsidies, while the

on in the hope of recovery.

Had the vote been for the Bundestag it would have sug-gested that the present coalition would retain federal powar, albelt with a smaller majority Europe can survive at all. Nevertheless, the EEC says -exactly the result that is most widaly aspected in January.

#### Immediate priority

But Mr Kohl should not be lured into complacency. He has lamentably falled to capitalise port, passanger, and scientific ships, whose ownars naed to keep in closa contact with yards on the political opportunities offered by bis country's power-ful economic performance. Too often be bas reacted to events rather than try to shape them. Concrete West German initia-tives, rather than platitudinous through design and building. Yet Asian yards, especially in Japan, have been pushing bard here, too. So European yards, even where they have sdapted to naw methods, find speechifying, are conspicuous by their absence.

the strain intense. The UK has announced more yard closures, Bonn surely could give an interoational lead by adopting somewhat mora expansionary announced more yard closures, while France may cut its high subsidies and shut yards. But it was a non-EEC nation, Sweden, that took the harshest madicine by deciding early this year that its big, efficient Kockums yard would end mer-chant shipbuilding. In its beyday, it turned out a supar-tanker every 40 working days. Even Japanese and Korean wards suffer in tha industry's macro-economic policies. The Community European ia enother area which would bene-fit from a more imaginative West German contribution, while at home tha approach to deregulation has been over cautious.

Lower Saxony was further proof that West Germans, as well as the country's foreign yards suffer in tha industry's prolonged malaise, As more well as the country's foreign friends, feel that its weight in the world is not what it should be. The Chancellor's immediate priority is to knock his unruly coalition into order for Janushipownars tottar towards bankruptcy, having ordered too optimistically in recent years, banks are reluctant to finance

new projects. But while the Tokyo and ary, and avoid expensive political own-goals. If economic Seoul governments are keen to distance themselves from an industry which is no longer fourishing—Japan plans more cuts in capacity, while Korea has checked its expansion those in Europe face a sterner task

long last, they are resig

# A question now of survival

EUROPEAN SHIPBUILDING

## By Andrew Fisher

already a shadow of its former tivity. Kockuns found the cost self, with shipbuilding jobs in of competing too high, though western Europe down by more it will still build naval vessels. than half in the past 10 years As tha industry in Europe from around 280,000 to 130,000. tries to come to terms with its Even this scale of reduction

has proved too small. Over-capacity in world shiphullding is nearly 40 per cent,

facturing work, lack of orders merge thair shipyards into a still makes them vulnerable.

still makes them vulnerable. "No one can escape un-scathed from this," saya Mr John Parker, chairman of the Harland and Wolff yard in Bel-fast, which recently won a naval order to fill out its workload. Like others in Europe, it has found tha gap of 30 per cent or more with Aslan prices hard to bridge, even with subsidies. Japan, though, now finds its advantage largely removed by tha yen's strength. "There will baye to be sig-

There will have to be significantly more restructuring done on global terms," adds Mr Parker. At Harland and Wolff, an important part of the Ulster economy, the payroll of around 5,000 is half that of tha mid-

Nevertheless, the EEC says its goal is more restructuring, meaning cuts and closures com-bined with investment for surviving yards, but it realises that few will remain in tha 1990s. Those that do are likely to concentrate on advanced Mr Paul Palsson, executive vice-president of Kockums, comments: "I'm quite certain more yards will close. It will take four or fiva years before there is balanca in the market products, such as offshore sup

SINKING

ORDERS

Japan

France

Belgium

Denmarl

Netherlands

Italy

UΚ

S. Korea

W. Germany

tivity, Kockums found the cost of competing too high, though diminishing role, this year has seen significant government and yard actions, in and outside the Germany, brought in valuable

The danger is that the indus-The danger is that the indus-try could be restructured out the crisis through specialisation of existence. For despita and large Soviat orders, yards investments by yards in new now find life tougher. Hence production equipment, such as tha deal at the end of May be-computers for design and manu-tween Wartsla and Valmet to facturing work lack of orders merge thair shipyards into a • Finland. Long immune from new company.

Wartsila, a quoted company, will bold 70 per cent of the new operation and stale-owned Valmet the rest. Stiff competivaluet the rest. Son compet-tion for the specialised vessels such as luxury cruise ships and ice-breakers built by the Finns has combined with the effect of low oil prices on the Soviet economy to joit Finnish yards severely.

They are confidant, however, that Russia will continue ordering crane-sbips, dredgers, cable-layers, ice-breakars and other vessels, though pressure to cut prices bas increased and deci-

sions take longer. Britain. Though fore- Britain. Though fore-shadowed, the recent naws that 3,500 more jobs would go by next: March unleashed a storm of political fury on a Conserva-tive government that has pumped in more than £1.4bn since 1979.

(mn gross tons)

Total order book (end-year)

1980 1984

13.07

2.49

C.86

1.01

0.86 0.60

0.83

0.64

0.31

0.25

13.07

5.80

0.56 0.32

0.34 0.21

0.79 0.13

0.20

0\_1(

city heavily since nationalisa-tion in 1977. A year ago, It seemad to be racovering. A strong productivity drive, aimed at matching efficiency with the hest yards in northern Europe, like Sweden, Finland and opposition. This is the climate in which

new orders. But follow-up business bas been virtually non-existent in the dismal shipbuilding climate. In the last financial year, it won only a tenth of its ordar target. So BS will close two yards and one of its two engine plants.

Thus BS, with over 35,000 people in merchant huilding in 1977, will have under 5,000 just ten years later. It will have six yards against 28. While its past dominance in tha industry faded years ago, the news still came as a shock to thosa affected. • France. Early this month, the French government paved the way for cuts in its high subsi-dles, long criticised by other EEC and European countries. Mr Alain Medelin, Industry Minister, said there was only enough work for one of the five yards.

Thus the financial support sought by Chantiars du Nord at de la Mediterrannee (Normed) could well be refused, though local political opposition will ba high. Its Dunkirk yard in the north is seen as tha most vulnerable, with a tiny workload. Like Italy, France bas dona

State-owned British Ship- less restructuring than other

1985

9.73 4.67

0.72

0.40

0.35

0.10

0.48

0.41

0.17

0.08

National Coal Board pension funds before going to Heron) talked about his pleasure at

"Of course I've enjoyed the

being back in Britain.

\$2.2

YEAR BY YEAR, as Europe's country. But the industry is again." Despite high produc- hulldars has cut jobs and capa- EEC members. Its subsidies to against 36 per cent for Japan. and 17 per cent for Korea. the industry will cost FFr 3.5hn Ominously for both the dominant Far Eastern nations (S325m) this year. Spain, a new member of the community. also has a large shipbuilding indus-try and its belated attempts to and the Eoropeans. China and Taiwan had nearly 10 per ceot between them. China, with its cut hack have met with furious hig domestic market to fell back

on and its aim of winning new Brussels is attempting to give its shiphuilding policies a sharper focus. A meeting of business at low prices, is seso as a major threat. China's drive to build up its industry ministers earliet this month resolved to tighten up fleet, especially on the container side, has also brought benefits subsidies and to shed more light on the shipbuilding aid to European yards, however The Seebeckwerft yard of AG policies of member govern-Weser, which closed its hig

Bremen site over two years ago ments. "Most countries share the is finishing a vessel for the Commission's analysis that there Chinese. is not much future, except for certain specialised vessels." said ona official connected with the

the interview of the second se industry. "Tha crisis is not going to go away." In the past, the Commission and governments bave tended and governments bave tended to think it might, or that it would become less fierce. Sub-sidies have been paid to close the cost gap with the Far East. For basic types of vessel like tankers, bulk carriers and con-tainer ships. Asian yards are mucb cheeper than Europe. With hindsight, it is clear European vards should bave ac-cepted earlier that their huge cranes and large docks, installed This cut the workforce by around half, and more surgery is likely. For the next three or four years, says Mr Jurg Dieter Studar, e sales manager e

Studar, e sales manager et Howaldtswerke-Deutsche Werft (HDW) in Kiel, "European yards will have problems. "It will perhaps be a question of political decisions, wbether yards can survive," be feels. The Kiel yard, employ-ing nearly 5,000, has work into nearly year and its buce dock cepted earlier that then huge cranes and large docks, installed to build big tankars, were mostly unsuited to the more modest world market that sucnext year and its huge dock, empty two years ago, is busy. But like Seebeckwerft, with some 2.000 people in Bremer-haven, it will need new orders ceeded tha swollen order books of the early 1970s.

Their confusion affectad gov-arments, aware of the need to slim tha industry down, but un sure by bow much or bow quickly. In the EEC, restructuring was balting and uneven, subsidies were granted in subsidies were granted in different ways by different countries, and there was no clear view on whether the industry could be revived or what ships it should build.

avoid or at least monitor more closely with the policies it is preparing. "Germany is always losing orders to other Euro-peen countries." says Mr Studer. Echoing this, Mr Helmmh Stolerau, deputy sales manager at Seebeckwerft, complains Under the EEC's Fifth Direc-tive on the industry, which runs out at the end of 1986 at Seebeckwertt. complains "people are fighting each other in Europe and this is detri-mental." However, while Ger-many provides little direct yard aid, belp is available to domestic owners or those from devicing constraint collection aftar two extensions, subsidies have been linked to cuts in capacity.

capacity. Often, eld by one country 10 a yard bas stified the prospects of yards alsewbare. The German industry complains about the aid policies of the French, as do the Swedes and Finns, ell of whom bave lost freight or cruise ship orders to varie in France.

yards in France. Jards in France. In Finland, without subsidies but cushioned by Soviet orders, feelings run high over aid by EEC members. "It is really vital for European shipbuilding that subsidies are taken off," says Mr Matti Kankaanpaa, mercident of Vilmet

nor governments will get much beip from the market. "Yards all over the world have a problem today," says Mr Palsson of Kockums, One-solution is the straight forward approach of Swedeo in pulling Kockums ont of merpresident of Valmet. People come to depend on chant construction altogether. subsidies and do not develop their industry or technology. Subsidies bave to go out." The Finnish experience shows, however, that even a high level of specialisation is

Other countries, unwilling to be so brutal, will bave to decide whether the game is still worth the costly sums they have been pouring into the industry: The survival is in doubt even

soon.

20

# **EEC** fisheries problems

EUROPE'S Common Fisberies Policy, agreed in its present form in early 1983 after arduous negotiations, may be sailing once again into troubled waters following the accession of Spain and Portugal to the EEC at the beginning of this year.

The arrival of the huge Spanisb fleet, in particular, has increased EEC fishing capacity by 60 par cent. Events in the Bay of Biscey last week served as a bint of what that could mean.

Mean. An armada of batween 250 and 300 Spanisb fishing boats blockadad tha port of Hendaye on the Franco-Spanisb border on the Franco-Spanisb border for three days in a demonstra-tion to demand greater access to a newly-designated French fishing zone. On Thursday it agreed to disperse in order to allow negotiations between Spain, France and the Euro-nean Commission to resuma. Surplus supplies pean Commission to resuma. That was an isoleted incident, and need not on its own re-

quota. and need not on its own re-open the whola question of Spain's fishing rights in EEC waters under its treaty of accession. But at the very least it was an ugly reminder of tha pressures and potential con-flicts that the gradual integra-tion of the world'a sixth largest fishing power into the CFP could entail. The entry of Spain and Por-tugal-which also has a ble

tugal—which also has a big fishing fleet, albeit one made up largaly of small boats—has aggravated what was already a catch fixed every year. serious problem with excess fishing capacity in the Community of Ten. Although there are strict limits over Spain's fishing rights in community waters for its first 10-years of membership, there remains a severa structural problem with which present policies seem unable to cope with.

The anlargement of the community is merely the latest in a series of sea changes to affect tha EEC fisheries industry tighter regulation over the past as well as ones of market regu-lation. 10-veats.

#### Zone limits

Annough there has already heen a significant rationalisa-tion of EEC fishing fleets, It has clearly not gone far enough. Incentives to fishermen to pursue other activities have bean inadequate; the potential The first was the establishment by many countries in the 1970s of 200-mile sovereign fishing zones around their coasts. This was partly dasigned to provide for control on the exploi-tation of fisb stocks, following out a much greater emphasis years of over-fishing. years of over-fishing. The setting up of 200-mile

The setting up of 200-mile hard to see how disputes lika limits in turn created an urgent that which blew up between need for tighter regulation of France and Spain last week can EEC fishing. An overwhelming be avoided.

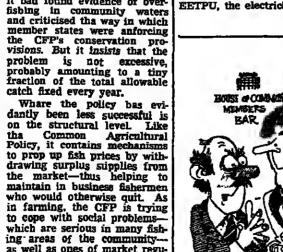
At long last, mey are resign-ing themselves to the fact that the industry can no longer be hursed back to real health. It will decline inevitably into old age and a non-too graceful expiry, or a small, modernised core will survive, with the decaying parts removed. Either way, more tough deci-sions will have to be taken. The severity of yard and job cuts has varied from country to proportion of EEC fish is caught in the north-east Atlantic, and the majority of the stocks there are shared between at least two nations. The fear was that un-restrained competition would do lasting damage to fish stocks--as bappened with berring in the North Sea during the 1970s. Eishing the unlike many other

## Breakaway day in Buxton

Fishing is unlike many other commodity industries in that it deals with e highly fragile and Absences from the inaugural commonly-owned resource which can be swiftly depleted in the conference in the pleasant Derbyshire spa town of Buxton absence of controls - with disruptive consequences for the of the breakaway Union of Democratic Mineworkers were market and for the marine environment that can last for numerous and notable-including Nail Kinnock (invited but refused to attend). Lord Mar-

shall of the Central Electricity Generating Board (same), Roy The present CFP, settled in January 1983, represents an attempt to reconcile the com-peting interests of national fishing fleets within tha overall disciplina of a total catch quote Lynk (ill) and David Prendergast (abroad) of the UDM, and Arthur Scargill'a flying pickets (none of them, claarly, readers of one daily newspaper which promised their arrival in large It has addressed tha fish numbers).

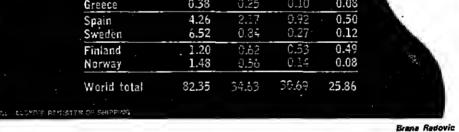
conservation problem with a degree of success. In e report published aarlier this month, the European Commission said it bad found evidence of over-But perhaps the most significant absence was that of Eric Hammond, genaral secretary of EETPU. the electricians' union.



Although there has already

٩÷

BOUSS & COMMANS



1975

31.36

1.63

4.20

4.86

4.93

0.62

2.00

2.30

0.94

0.38

# **Men and Matters**

When the EETPU and the UDM held e conference on energy policy together at the end of last year, Hammond said it was prof. George Jones, professor

important for the new union to know it had friends inside the

Though UDM president Ken Toon mentioned both the electricians and the engineering workers from the conference platform, UDM leaders were ex-plaining Hammond'a absence by saying he had never been in-vited.

Infortunately for this idea Unfortunately for this idea, the UDM executive minutes tell a different story. Those for a meeting in Mansfield oo January 29 1986 state, under the beading "Annual Con-ference," Minute 3(E): The following be invited to the con-ference: Mr E. Hammond, secretary of the EETPU."

TUC

Home Secretary, Douglas Hurd'a demands for more money for law and order are being simulated by Prof Nick

ticular trade.

# Round numbers

The Public Finance Foundation envisaged. has formad a "shadow" tasm to take on the Cabinet at its own manoeuvres in the arcane war games over next year's pub-lic spending levels.

As ministers contend with the Treasury and each other for more resources, their Founda-tion counterparts will be going through a parallel exercise, ending up, like them, in a Star Chamber to settle the final

differences.

2

Hugh Jenkins sat in his new office at Allied Dunbar yesterday, his first working day back in Britain after 18 months in

Michael Posner is taking the role of the Chancellor of the the US in charge of Heron's US financial services division. Exchequer. He was a contem-Now he joins Mark Weinberg's porary of Nigel Lawson at organisation as group invest-ments director with about 14.5bn to play ground with. Oxford and has been an economic adviser and consultant to the Treasury and to the IMF. Jenkins, 52, and known in He is currently economic direc-tor of the National Economic wizard (ba managed the the Treasury and to the IMF.

opportunity to work for Heron in America, but it's marvellous being back here. I've come back to what looks like a lovely sum-mer with e lot of experience that will help me as we cope with the Big Bang."

Prof. George Jones, professor of government at the London School of Economics, is enthu-siastically researching his case, like Environment Secretary, Nicholas Ridley, for additional local euthority spending. "Wa shall certainly need a Star Chambar and I fear I shall certainly have to appear before it," ba says, gloomily and pre-cisely echoing Ridley's view, But what was the priority now he is back in. Britain? Wimbledon? The Test metches? "No," be said, "the main thing is house bunting and it is just about the worst time of the year. When I went away I was persuaded to sell my flat in Buckingham Gate and since than it's just about donbled in value." Well, you can't win them all.

### Bloomers

Deakin, professor of social policy and administration at Birmingham University. His As novelist and Joycean scholar As novelist and Joycean scholar Anthony Burgess says: "Re-Joyce." James Joyce's Ulysses, ooe of the most controversial novels of the 20th century, goes to a new edition which corrects some of the printer's errors which had made it even more early career as e Home Office civil servant should have taught Deakin the tricks of this par-Reports from both tha Treasury and the PFF suggest confusing.

that both versions of the public spending round are already becoming tense and a good deal of muscular argument is The new version, hardbacked and paperbacked by Bodley Head and Penguin, came out yesterday, June 16 — the single day in 1904 in which all the action of Ulysses took place in Tha Prime Minister usually sets involved as the going gets rough in Whitehall but the PFF does not appear to have Dublin. It seems that the French printers who set up the type for tha first editon in Paris found anyone for that part yet. in 1922 made a lot of mistakes as a result of language prob-

lems. With the aid of computers, West German philosophy pro-fessor Hans-Walter Gabler and a team of experts have corrected words and phrases whose previous obscurity provoked 65 years of intense intellectual discussion. "The paper the beard was wrapped in." for example, was simply a misprint for "the paper the bread was wrapped in." Well now, forward to Finnegan'a Wake.

Observer

44,811122011221

bigb level of specialisation is not enough in the present state of the industry. Thus it is highly unlikely that the rest of Europe will be able to phase out subsidies for some time. In spite of this, yards in western Europe have 23 per cent of the world markat (the EEC industry's share is 14 per almed at more specialisation cent) as messured by order and productivity can still can still cent) as meesured by order and productivity can books in the first quarter, founder on lack of business.

Though among the most effi

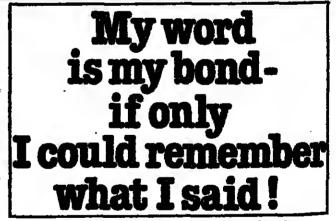
Both yards complain about interval EEC competition to win the few orders around, something the EEC aims to avoid or at least monitor more elevely with the policie it is

developing countries ordering

Unravelling the subsidy tangle will be a considerable task. However well the EEC

approach works, neither yards nor governments will get much beip from the market. "Yards

in Germany.



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Not so easy when you come to track it down. Especially if your business handles dozens of phone calls each day

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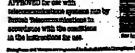
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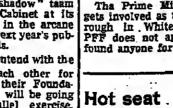


Cost from the state





"Daren't ba seen drinking South African sherry, Russian Vodka, Chilean wine, Cnban rum, Japanese whisky ...."



# Letters to the Editor

How the dollar has fallen

+5.8

Pension funding myths

dalaysta.

## Africa's case for help

countries may have in afficient is which down the bind of the measure is not construct to the scale made in the scale made increases and the made increases and the made increases and the sca lem stems from a fundamental flaw in the whole approach to aid for the Third World which seems set to be perpetuated in the proposed UN-sponsored African Development Pro-gramme.

Tuesday June 17 19

That flaw is to regard aid as

instituation of political kudos and increased exports and employment for their own economies. This inevitably reduces and to a numbers game in which suc-cess is measured in terms of the aggregata sums disbursed, almost regardless of their impact on development (assuming that can be measured at all). It frequently results in tha grotesque spectacle of aid agencies competing with each other to fund projects of doubt-ful viability.

This tendency is exacerbatad by companies in the industrial ised countries seeking to pro-mote exports and banks wishing to maximise leading at high to maximize lending at high rates of interest. It inevitably leads to a bias in favour of capital-intensive projects which generate a foreign debt burden that the recipient country would not be able to service intrinsically viable. This pro-cess would be impossible with-out the activa connivance of Hillside, recipient governments. The Horsham, Susper.

## A windfall to ease growth

From the Group Economist, Sun Life Assurance money/demand linkage behind Sir, — Talk ef a Titanic such earnings growth is lag-liquidity iceberg (M3) melting ging, not leading. It is incom-and threatening the course of ceivable that we somehow have the UK economy is surely over-stated and misleading. It is monetary policy when interest certainly true that a large rates are 5 per cent abova the reservoir of purchasing power core inflation rate and govern-is stered up in bank accounts ment deficits are not being (even after allowance is made monetlised (once the orimarily is stered up in bank accounts (even after allowance is made for distortions caused by high interest deposits and other

From Mr H. D. Shutt almost routine payment of a Sir,-Your editorial on aid percentage of each project's for Africa (June 2) refers to total cost to senior officials the difficulty many African a practice to which donors, in the ir anxiety to disburge manage, their anxiety to disburge manage, the second descends and the currency Review we drew attention to the donors in the management of any descends the second descends and the currency for the donors in the management of the donors in the donors in the donors in the management of the donors in the donor in the donors in the ing aid en the scale made are ready to turn a blind eye necessary by their hard cur-

Kores of external payments im-

Philippines +12.3 3.8 +10.8 Singapore -3.0 -0.9 +0.3 Asian exports (excluding Japan) are now on average more competitive in the US than they were in February 1985 despite the dollar's collapse. With respect to the highly aggressive exporters of Asia, the scapegoat is in truth, very much alive. The first prerequisite for a more realistic approach is an explicit recognition (already tacity given by the World Bank) that there is no pros-pect of sub-Saharan Africa ser-vicing its actisting foreign debts. These must be largely written of, with banks as well as wes-tern governments shouldering a share of the burden which they have played such a major part-in creating. When this has been dona fresh aid abould be advanced only in line with re-cipients' capacity both to absorb it and generate the foreign exchange required to assure The first prerequisite for a Geoffrey Dennis International Economist, James Capel,

From Mr P. Bennett pany's contribution rate is Sir.-Mr McShee (May 30) in inadequate — then the members his suid, and otherwise compre-hensive exposure of pension crease in their contributions, or funding myths overlooks one a reduction in benefits (or key issue, namely by what tan-gible criteria can all interested parties agree that the "balance of cost" has turned out to be less (or, in different circum-stances, more) than errected exchange required to assure each project's long-term via-bility. The short-term political and economic attractions of this approach may appear elight to the industrialised countries. Yet, if the objective is to give some hope for the long-term deliverance of Africa from its cycle of debt and dependence, stances, more) than expected assuming, of course, that the

"balance cost" concept is re-tained by schemes. There will continue to be con-fusion over what belongs to whom until one of two things happens in the UK. euch a change of direction is The first is that the "balance cost" structure of pension schemes is amended, so that

6, Beois Marks, ECS.

agreen measure of the "armir-ial liability" for pest service benefits. Any surplus of assets over the agreed measure would then represent "advance" em-ployer funding, and any short-fall would need to be corrected schemes is amended, so that trust deeds stipulate that all the assets belong to the members. It is, of course, unlikely that employers would agree to such a change without some companby extra employer contributions Peter L. Bennett. Rewitt Associates. sating amendment. There might for example be a provision re-3 The Old School House. valuation shows that the com- Hemel Hempstead, Heris

## The effects of lower oil prices

monetised (once the primarily cosmetic effect of reverse overinterest deposits and other structural facters). However, much of this represents the unspent windfall flowing from lower commodity prices and is thus the very liquidity which will facilitate the upturn in growth expected by every fore-caster. If sterling sheuld slip as a result, then se be it. There is nothing the Government can do with mometary policy to avoid such an outcome without idter. The high intarst rate/strong sterling policy introduced in 1985 was always high risk. The

# TOKYO'S STOCK EXCHANGE Foreigners sing a new song

By Carla Rapoport in Tokyo



least half my time wining and into equities. Further, their dining. Last night I had to be at four dinners." On the structural side, bow-ever, the differences between Tokyo and New York and London seem more important. More there held of these funds in Japan tend to be

"It's a gold mine out there, More than half of the Tokyo Exchange's stock transactions are still made on a physical delivery basis. That means, for the most part, men on bicycles delivering stock certificates to the right place at the right

Mr David Miller, head of the Japan operation of Jardine Fleming, the Hong Kong-based joint venture between Robert Fleming and Jardine Matheson, reckons that about 50 per cent of JF's settlements fail. "It's a hugely inefficient system," costing the firm between Y20m (\$80,000) and Y30m to service the money it must put up for its overseas clients, plus the interest it must for go while awaiting settlement from the TSE. Others estimate the cost

at around fim a year. Traditionally, when Ameri-cans lose money on their trad-ing books in the US, they can

As a result, most of these funds in Japan tend to be rather short-term, keen to jump on any upward bandwagon. "These funds often look kike a bunch of sheep in the hands of a shepberd. Buying themes get overegged, and then col-lapse in a beap," says a top foreign firms listed on the TSE. This year the figures will be more than doubled, but will still be only a tiny fraction of the overall numbers of com-panies listed. However, it is already foreign firms insted on the TSE. This year the figures will be more than doubled, but will still be only a tiny fraction of the overall numbers of com-panies listed. However, it is already foreign firms insted on the TSE.

Tokyo is a closely regulated brokers also agree that fixed commissions are not likely to get tha push, if only to pro-tect the scores of smaller brokers. Innovation is going on brokers, innovation is going on faster outside Japan than in it. Options to buy Sony ahares, for example, are available in New York, not Tokyo. "If you regulate too closely, inventive-ness will go elsewhere," says Mr Willer Theore is a discorp ho Miller. There is a danger, he aeys, that the rest of tha world is meving faster than Tokyo. Both Merrill Lynch and Gold-

man Sachs feel strongly that the new seats will allow them to couldn't trade," says Mr Mynar-chik. "When we asked why we hadn't been told about this, tha Japanese houses taking the hadn't been told about this, tha Japanese houses taking the stock Exchange official replied: 'Yon didn't ask'," Another mexpected responsibility was finds and tokkin funds, the created by the new seat. "I bugaly popular trusts which we've got the boar righted," says I'll be interested to see if news. 'You didn't ask', "Another 'Yon didn't ask'," Another 'Yon didn't ask', '' 'Yon didn't a

About 60 per cent ef this was from tha UK, 20 per cent US, and 20 per cent South-East Asia. "Our Japan research is now going from 400 to 500 branch offices across the US—to mere than 10,000 salesmen. If each one sells 1,000 shares of Hitachi..." says Mr Mlynarchik with stars in his eyes. Others, however, are more

21

Others, however, are more cautious. "You can't build a top-notch research team in six months. You can't, in five minutes, teach an American salesman to sell Japan," says Mr Miller Underd according to salesman to sell Japan," says Mr Miller. Indeed, according to Nelson's 1936 director of Well Street Research, Merrill Lynch'a research covered only 32 Japanese companies, Morgan Stanley only nine, with Gold-man Sachs on top with just 53 companies followed. Vickers de Costa, which started operations in Japan in

Vickers ne Costa, which started operations in Japan in 1961 and now researches 250 companies, is also sceptical. Shojl Oshima, director of the Tokyo branch, says: "There is a fair amount of exaggeration where of the Schower

a fair amount of eraggeration around. I think all this 24-hour trading is a red herring. As for Japanese interest in foreign shares, at the end of last year there were just 24 foreign firms listed on the TSE. This wear the further will be

of daily turnover. All the firms market, with tight restrictions on the daily movement of share prices. Foreign and Japanese of the seat—V1.1bn, plus major costs for computers, new staff and offices, means that pet profit is some way off. Those foreigners without a seat still have to pay a commission charge to the members, foreign or Japanese, who handle their business

Despite their frustrations, all the new members say they are committed to Japan in the long run. From just 200 employees between them just two years ago, the six new members will have 1,000 employees by the year's end. That compares with 80,000 employees at the 87 other Jepanese broker-

WITHOUT TAI

it's a phenomenal market," says Mr Andrew Mlynarchik, manager of Japan Region Operations for Merrill Lynch. Mr Eugene Atkinson, bead of Goldman Sechs in Japan, says: "I grossly underestimated the importance. prestige-wise, of this seat. It far encoecied my wildest imagina-tion. I no longer bave to ex-plain who Goldman Sachs is,

which helps from recruiting people to signing epartment leases." But now that five of the six have their traders on the floor some of the first finsh of excite-

Those who have seats—Gold-man Sachs. Merrill Lynch, Vickers de Costa, Warburg, Morgan Stanley and Jardine Fleming—are fast increasing their staffs and expanding their office space

office

bank, does not train its execu-tives te sing in Japanese, nor

The second scenario would be one in which the "balance cost" concept is retained, but an appropriate funding ebjective agreed (and fully communicated to members). In its simplest form, the funding objective would require that the em-ployer aim to maintain sufficient nearchon assets to cover an

pension assets to cover an agreed measure of the "actuar-

28

ment is wearing a little thin. Some new members now say it could be years before the Tokyo market comes into line with Western markets. The problems range from cultural to structural. On the

cultural side, for example, was the problem of communication. "No one knew that if you didn't register a uniform, you couldn't trade," says Mr Mynar-chik. "When we asked why we hadn't been told about this, tha Stock Exchange official replied:



ing books in the US, they can make it up on corporate finance activities. But the corporate finance business in Japan is relatively underdeveloped, with Japanese houses taking the dominant role.

sterling policy introduced in 1985 was always high risk. The risk was that real earnings growth would accelerate with lower import prices, pushing workings of t sterling so far off its com-petitive course that full Graham Cox. adjustment by wage moderation 107 Cheopside, EC2.

policy, but rather a pointer to the failings of our system at the micro level in the opera-tions of management and the workings of the isbour market.

worldwide. These are all infinences on demand, and there is good res-son to be cautious about their size and duration. However, there is also a subfamilie there is also a substantial and that lower energy and materials pemanent imporvement on the costs are set to last for some supply side. Productive poten while. tial is an economic, not a pby- G. B. Keating,

which Britain originally in-which Britain originally in-vented but then abandoned, and on much foreign machinery; and it was putting inte its new ship foreign profabricated cabin-cum-bathroom suites.

We shall know whether British shipbuilding has a future other than as a basic strategic resource for the Royal

tial is an economic, not a pby- G. B. Keating, sical concept. The volume of 22 Bishopsgate, EC2.

# Britain must keep its merchant shipbuilding industry

ver a

bond.

ememb

British shipyards at the end of the war were virtually alone in baving the capacity to renew merchant tonnage lost during bostilities. Meanwhile, the yards of Western Europe were being re-created while those in Japan were being established on greenfield sites.

Britisb yards did undertake considerable modernisation programmes in the Immediate to grips with their various problems, some of them more in other countries without long in other countries without long in other countries and dis bed repentance, essentially bed repentance, essentially entangle and rationalise work practices that bad accumulated over the centuries in the UK.

it is well to remember that in recent years, the decline of the British merchant shipbuilding industry has been equalled by that of all other European shipbuilding countries. Even shipbuilding countries. Even the great merchant shipbuilding yards of Sweden, arguably ing yards of Sweden, arguably the most advanced and success-ful of any during the postwar years, have now been silenced. Shiphuilding industries througbout the world—in the UK, Europe, Japan, Korea, the US\_era all in deen truthle

US-are all in deep trouble. Today there are too many ships Today there are too many super cently had to launch a new chasing too few cargoes. To cently had to launch a new imply, therefore, that in recent frigate by stealth early one years the UK industry suf-morning, since the workforce years the UK industry come though it knew the yard fered because ef its shortcom-ings is manifestly unfair. What was desperate for a new waris particularly regrettable is the ship erder) was refusing to gratuiteus suggestion that those launch the ship because of a of us in the British merchant wages dispute.

J

From Mr A. Ross Belch. Sir,—As someone who spent more than 40 years in ship building I find Correlli Barnett's comments (May 28) on the industry's post-war performance biased, ill-informed and totally unfair to the thousands of hard-working and dedicated peopla who bave served tha industry faithfully and well over many years. He did not mention, aven in passing, for example, that British shipyards at the end of the war were virtually alone in baving the capacity to renew merchant tonnace lost during.

demand A. Ross Belch Clairmont Gardens

Not yet back from.

Navy, when its place in the world tomage league rises from the present 17th, and it overtakes such non-Koreans as this is no more than a death-bed repentance, essentially dating from the past five years or so. After all, it is more than 40 years since World War II exposed the "fossilisation of inefficiency" in the yards fully documented in my book The Audit of War Audit of War.

Finland, France, West and East Germany, and Yuguslavia. Correlli Barnett. Churchill College, Cambridge. The strategic argument

From the Secretary, Boilermakers' Section, GMBU Sir,—Rarely can your paper have been so careless in deal-ing with a major industrial and strategic issue as in its editorial on the shipbuilding crisis (May 21) and the feature by Correili Harnett

Moreover, Dr Milne'e enthu-siastic pats on his industry's back do not explain why British output in 1985 should have been less than a third of West Ger-stabe the common ground torial was that it dealt with current-day realities. Let me state the common ground many's, for example; or why West Germany should be replac-• The Government has not been

west Germany should be replac-ing the QE 2's turbines with diesels (not the only refitting contract for a British ship to go abroad); or why manage-ment at one British yard re-cently had to launch a new frigate by stealth early one momined change the archiver • The Government has not been as generous with subsidies as other countries. However, the figure for merchant yards is \$700m since 1979, not the \$1.4bn yon quote. This latter figure includes investment in warship yards which is essen-tially a contribution to the tially a contribution to the defence budget.

There is overcapacity in the industry worldwide.
It does not make leng-term sense to subsidise workers to

were either incapable of under-standing the problems or un-willing to teckle them. it weuld be most unfortunate willing to teckle them. it weuld be most unfortunate if, as a result of Mr Barnett's book about a similar operation from yours can be drawn.

-Given the levels of subsi dies that prevail worldwide, and which are likely to persist, we are not dealing with a free market. If subsidy levels in the UK, be they direct or indirect, are less than elsewhere then the

industry will migrate.

2-Given the cyclical nature of demand and the over-capa-city which prevails worldwide, migration from the UK will be speeded up. Hence, if action is to be taken, it needs to be taken urgently. Should action be taken? The

abour movement considers that it should for strategic as well as employment reasons.

I would define an industry as of strategic importance to a nation if for any reason, like war of another emergency, its products could not be guaran teed and their absence would threaten the nation's supplies of food, vital raw materials or its defences. For example, as a nation we are only 50 per cent self-sufficient in food. That means we have to bring in every weak events fooduring every week enough foodstuffs to feed the equivalent of 22m people. For this we need ships,

Ja war, ships get sink. Do you suggest we rely on friendly Far Eastern suppliers to effect re-placements?

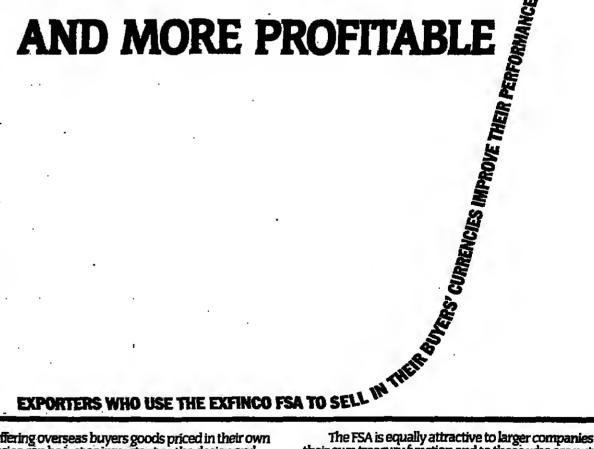
placements? The strategic argument is bolstered by economic and employment arguments. To maintain a shipbuilding indus-try means maintaining three jobs in the supply industries for every one in shipbuilding. Shipbuilding is not just an eld-fashioned "rust belt" industry Into every ship goes the latest

Into every ship goes the latest new technology gadgets and controls. So the multiplier effect is benign in this instance But we also desperately need these jobs.

What action can be taken to deal with the current, tem-porary downfall in demand? At minimum net cost we could give incentives to shipowners te begin replacing our ageing fiest. What is se wrong with encouraging the likes of OCL to scrap its old-fashioned con-tainer ships and replacing them with modern ships?

with modern ships? Jim McFall,

Thorne House, Claygate, Esher, Surrey. IS AS SIMPLE AS **SELLING IN STERLING...** 



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# **FINANCIAL TIMES**

## Tuesday June 17 1986

#### THREE US FARM EXPORTS MAY BE TARGETS FOR HIGHER TARIFFS

The Community insists that the

# EEC plans trade retaliation

#### BY QUENTIN PEEL IN LUXEMBOURG

THE European Community yester- imposing unilateral levies on Com-day confirmed three key US farm munity exports from that date. exports as the targets for retaliatory action if Washington goes ahead made a conciliatory gesture by dewith unilateral trade restrictions on laying any final retaliation by a naximum of two weeks after any July L US move, anparently to allow for

The US action has been threatnegotiations to avert the looming ened because of the loss of grain trade conflict. sales of sorghum and maize following Spain's entry to the EEC last whole dispute be resolved in the January. That resulted in Commu-General Agreement on Tariffs and Trade (Gatt), where negotiations at official level have been under way nity levies on Spanish imports and has effectively closed the market to US exporters. for the past two weeks, without any

The 12 EEC foreign ministers agreed that wheat, rire and corn gluten feed - US sales of which to-tailed more than S1bn in the EEC last year - would he subjected to increased tariffs if the US insisted on mitment to retaliation on specific

hoped. The Cooference Board, a re-

industry, said that US manufactur-

ital spending plans and Federal Re-

factory utilisation dropped last

The 1,000 largest manufacturers

in the US expect to increase their

capital spending hy only 1 per cent in 1988, the Conference Board said.

Earlier this year, the largest compa-

nies were projecting an 6 per cent

rise in their capital spending.

month.

products, the latter insisting that it immediate and automatic. At the same time, the ministers

The compromise was to name the products affected - all very sensitive for US farm exporters - but leave any final decision up to a full Council of Ministers' meeting to be called within two weeks of US ac-

The actual level of any tariff barriers would be dictated by the threatened US measures, officials say. Washington has said it will take action against products such as wine, spirits - such as brandy and gin - cheese and sausages.

sign of real progress. Yesterday's EEC decision reconciled the conflicting positions of as both firm and conciliatory, Mr West Germany and France - the Willy De Clercq, the Commissioner former wanting no immediate comresponsible for external trade, said.

evitab lantic is to manage that competition

The action is intended to be seen

compact Sir Geoffrey Howe, the British Foreign Secretary, urged the US Government to defer its threatened measures from July 1. He said competition between the two major competition between the two major trading powers for markets was in- System

"The task on both sides of the At-

in a way that it will not degenerate into open trade warfare," he said. The prohlem between the sides is that the US believes it is entitled to

compensation for the loss of its agricultural market in Spain alone, whereas the EEC says that any final compensation must take into account possible tariff advantages gained in the same market for in-

memory By Alan Cane in London IBM, the world's largest computer

UK to build

new IBM

group, has chosen its factory at Havant, near Portsmouth in southern England, to be the sole manufacturing plant for a new compact memory system to be used with its Sysem/38 computer range. IBM normally divides the manu-

facturing of a product between three sites, one in the US, one in Europe and one in Asia. The three sites "compete" to produce the product at the lowest cost and with the highest quality control. The new memory is a magnetic disk drive system capable of storing

up to 3.4bn bytes of data. A byte is eded to store a single character, so the new drive can store well over the empivalent of 1m close-typed

sheets of A4 paper. It was designed at the IBM UK laboratory at Hursley, near Win-chester, which has a long history of involvement in the development of

award manufacturing of the new drive system, the 9335, to Havant sed on its ability to demonstrate its technical excellence in automated manufacturing methods and its ability to meet worldwide

memory technology mean that more than 25m individual hits (binary digits equivalent to a one or a zero) can be packed on to each square inch of disk space in the new

as part of their fast internal store. The changes are intended to pro-vide greater processing power and to facilitate the convergence of the





Guinness

relative to FT-Actuanes

1985

90 Al-Share index

1986

95

Unigate

ing itself.

in the past year, and yesterday fig-

ures for the year to March con-

On one point, at least, the City is undivided: the acquisition of Distill-125r ers has set Guinness up for two to three years of cascading cash sur-120 pluses and much better than aver-115 age growth in earnings. After a year of concentrating on the evident weaknesses of Distillers, and 110 casting Guinness in the role of turnround manager, it would be incon-sistent to believe otherwise. 100 Il Share price

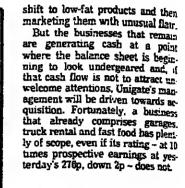
But that is about the limit of common ground. Everybody realises that Guinness can operate financial thumbscrews, and cut 20 per cent from operating budgets all round. Whether Mr Ernest Saunders is about to revolutionise the practice of hrand-management in the whisky industry is a question on which not everyone is completely sold. Indeed, tha figures just produced for the half year to March shed a minimum of light on how Guinness has so far managed its last whisky pur-chase. Bells. Suffice it to say that al-though there is no comparable period, profits have advanced; but there is no published figure for Bells'

all very well, except that Coca-Cola There is no question that Bells has also been talking, though un-successfully, to its largest franchi-see, JTL. The purchase price, at a will be showing significant growth in profit when the next year-end arrives, this time in December. Not only has Guinness the benefit of hit under 10 times earnings, is not expensive; but it could be that as restructuring provisions to the tune the struggle hots up in a tragmenof about £45m, but the Picadilly ho-tel was sold at the best possible time - eliminating the unprofitable ting US soft drinks market and Pepsi-Cola becomes even more active in shovelling up small brands, the question who bottles for whom behalf of its trading year. If Guinness cannot take similar advantage of comes ever more important. The post-acquisition remodelling at Dis-tillers, it is not the company that alternative, that Coca-Cola is reviving the principle of vertical integra-tion, sounds implausible. the City thought it was selling to. The proof of the pudding must

however, depend on more than these essential manoeuvrings. Before the share price can start to re-Unigate has nicely outperformed both the market and the food sector gain its momentum - and shift the incubus of the convertible issue -Guinness will have to show some tangible evidence of post-acquisition work on the surplus assets. And of the marketing genius that is the long-term justification for its present, fortunate, position. some property realisations, were up

Coca-Cola

It is hard to know whether Coca-Cola is picking up S1bn in Coke bottling operations from what was once Beatrice merely to prevent Heath Robinson appearance, looks stable. In the case of St lvel, Unthem falling into enemy hands. Af-



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#### Standard

The motives of the newly into Esmark and beyond, and the latstalled top management at Stan-dard Oil in removing a giant sculp-ture of a rubber stamp which stood est proprietors may not he too choosy about nurchasers. Being called Avis did not help Mr Avis get his car husiness hack against a higher outside the Cleveland HQ have remained obscure until now. But the creation of a new oil-indexed deb; Coca-Cola's own claim is that it security as the first step in the realooked hard for an alternative ranging of Standard's balance sheet owner and found one, remarkable shows that contempt for convention to relate, at home in Atlanta. This is could be the hall-mark of the new

> The immediate conclusion of all market watchers will be that Standard sees several years with no real recovery in oil prices. That certain ly appears to be the view of the BP parent, which has been unsuccess-ful in putting its C2bn or so of cash into counter-cyclical oil asset parchases, largely because the US market has a much more bullish view of the oil price. Witness Standard's own share price which is yielding little more than 6 per cent on a dividend which would not be covered at

an average oil price of \$15. The issue is not just a piece of op portunistic speculation by new management ingrained with the trading style so closely associated with Britannic House. Even if the oil price does break the \$25 barrier firmed the market's recent confi- Standard will be reducing its debt dence: pre-tax profits, give or take repayment bill in the short term by promising rent on future oil production at a time when it is very long

a full 30 per cent (to £82.8m), with every division more or less behav- on oil The theory is that the other side These figures are a landmark for of the hedge will prove attractive to Unigate. In the past seven years, Unigate has sold and bought assets utilities and other hig oil consumers. But judging by the almost total lack of interest shown in Phibro to the equivalent of its net worth Salomon's quoted oil puts and calls, and the present structure, for all its practice may not be so obliging. A host of UK oil companies which

#### BY WILLIAM HALL IN NEW YORK THERE WAS further evidence yes. The Fed reported, meanwhile, terday that the US economy is not that US factories, utilities and growing as quickly as had been mines operated at a seasonally adjusted 78.6 per cent of capacity in May, against a revised 79.2 per cent search organisation funded by US in April and 79 per cent in March. The latest figures, which follow ers were continuing to cut their cap- Friday's announcement that US inital spending plans and Federal Re-serve Board figures showed that singly large 0.6 per cent last month,

US capital spending faces new squeeze

cision had leaked.

Expectations that the court would

declare the provision unconstitu-

The architects of the Budget Re-form Bill, which became law in De-

cember last year, provided a fall-back mechanism to cover the possi-bility of the automatic spending cut process being declared unconstitu-

tional. That calls for, first, the

House and Senate hudget commit-tees and then the two chambers of

the legislature to vote to implement

the automatic spending cuts if they

are needed to meet the deficit tar-

tional have been widespread

should stimulate consumer spend-ing and that in turn should lift fu-

dustrial sales.

ture capital spending. The Fed figures showed that ca-pacity utilisation in non-durable goods industries slipped by 0.1 per-centage points to 83.5 per cent. Ca-pacity utilisation in the durable goods industries fell by 0.9 points to 75.7 per cent. The operating rate for

There are serious doubts, how-

Congress has tried to avoid re-

sorting to the fallback by drawing up a budget which, like Rresident Ronald Reagan's budget plan, meets the Gramm-Rudman-Holl-

ings target. So far, however, Congress has been unable to agree on a budget resolution, largely because of differ-ences over defence spending levels and bowers of White House opposi-

and because of White House opposi-tion to a budget compromise that would include significant tax in-

ever, about whether that fallback

the motor vehicle and parts industry fell to an adjusted 76.7 per cent last month from an adjusted 82.1 same figure they were projecting per cent in the previous month.

process will work.

# US court fails to rule on budget bill clause

#### BY STEWART FLEMING IN WASHINGTON

THE US Supreme Court failed yesterday to rule on the constitutionaliported that the court would issue its ty of a key provision of the Grammruling yesterday, and that it would Rudman-Hollings Budget Bill, which calls for the elimination of by a seven to two margin declare the Comptroller-General's role as the US budget deficit by 1991, desunconstitutional pite expectations that a decision would be announced.

The court was expected to find unconstitutional the procedure under which the Comptroller-General decides on the basis of estimates by the Congressional Budget Office and the Office of Management and Budget, whether automatic spending cuts are needed to meet the

illustrate the sluggish pace of the current US economic expansion and are likely to increase speculation that the authorities may be forced to ease their monetary stance to boost the flagging economy. The Conference Board hlamed

the dip in capital spending on cuts

On Sunday, ABC News had re-

In the event, however, the court

eleased only two decisions, rather

than the three It had previously an-

nounced would be forthcoming, prompting speculation that the court bad decided to postpone the

ruling on the budget law because of the leak. The court is one of the few

institutions in Washington with a

by people of sensitivity, manage-ment skill and vision for the fu-

ture." He intended to call on the

Government to declare June 16 a

in the petroleum industry, which has been badly hit by the collapse While the decline in oil prices is has been badly hit by the collapse in world oil prices. It said that spending plans of large manufacturers outside the petroleum sector had held steady. The largest manufacturers expect to spend \$101bn in 1986 against \$100bn last year. "The sharp reduction in planned

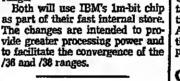
outlays hy the petroleum industry has not yet been offset by planned increases in other manufacturing industries," said Mr Douglas Cliggott, a Cooference Board economist, "Manofacturers outside the petroleum sector now anticipate a 6 per cent increase in their capital spending during 1986, roughly the

temporarily stifling US capital spending, Mr Cliggott says a contin-uation of relatively low oil prices

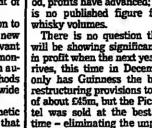
computer memory sytems. According to IBM, the decision to

Improvements in IBM's magnetic

drives. IBM also announced yesterday that it intends to revamp both its System/38 computers, a medium-scale range featuring built-in advanced memory search and retrieval techniques, and its System/36







the legislation.

the next fis

heads for

By Arthur Smith in Birmingham AUSTIN ROVER, the volume cars

unit of Britain's state-owned BL, is likely in the first six months of this

year to more than double the trad-ing loss of nearly £10m (\$15.2m) suffered in the whole of 1985.

In a fiercely competitive UK mar-

ket, with most car dealers offering

cut prices and special deals, Austin Rover's share of new sales in the first five months of the year slipped to 16.86 per cent against 18.38 per cent for the equivalent period last

vear.

# **Millions boycott work** in S. Africa protest

#### **Continued** from Page 1

By last night, the Government ap-by presidential decree after the eared to have effectively prevent. Government's failure to arrive at an peared to have effectively prevented most, if not all, non-church meet-ings to commemorate Une 16. Such agreed compromise with the co-loured and Indian houses of parliameetings were banned two weeks ment. Failure to push through the proposed amendments was a princi-pal factor behind the Government's decision to reintroduce a state of ago. The Dputy Information Minister claimed last night that what he called "the low level of incidents" had proved that the state of emeremergency. gency was a success. "It is clear that the ANC [African National Mr Colin Eglin, leader of the PFP, told a party rally that the best emergency action for South Africa Congress] failed to launch the peo-ple's war today as the planned." would be for President Botha to sack half his cabinet and replace it

Large numbers had stayed away from work because they had been intimidated, he said describing the state of emergency as "a demon-stration of power, hut power for peace.

national holiday and day of nation-Opposition MPs had a different al reconciliation. view of the emergency. Mr Ray Swart of the PFP told Parliament In an ironic twist to the long-run-ning struggle of Mrs Winnie Man-dela, wife of the jailed ANC leader yesterday that there was now probably less freedom in South Africa Mr Nelson Mandela, to stay in her than in the Soviet Union. "For the Soweto home Brigadier Gideon Laubscher, the divisional police chief in Soweto last night ordered vast majority of South Africans, what President P. W. Botha had, in his speech last Friday, implied would be the consequences of a Communist takeover were already a reality in this country, but in the name of the National Party Goverogrant any interviews to any journal-ist or network during that time. ment,"ö Mr Swart said.

He was speaking in the continu-The ban came shortly before she ing debate on amendments to the was due to be interviewed live by internal security laws. Those are Mr Dan Rather, news anchorman now expected to be forced through of the CBS TV network.

World. Weather

# **McDonnell Douglas in** Argentine venture talks

#### BY TIM COONE IN BUENOS AIRES

A NEW production line for the A4 rience with it." He added that FMA Skyhawk, one of the world's most widely used light jet fighter and ground-attack aircraft, is being newas "the best-equipped aircraft fac-tory in South America and [had] state-of-the-art technology." Low la-bour costs and considerable spare gotiated hy McDonnell Douglas of the US and Fabrica Militar de Av-iones (FMA), the Argentine aircraft capacity also made the project at-tractive for both companies. company. Mr Patricio Siedel, the McDon-

He said: "We are talking about a of parts or kits. There will be an im-portant transfer of technology which will enable Argentina to nell Douglas representative in Bue-nos Aires, said negotiations were advanced. A "memorandum of understanding" was signed at the beginning of this month by both companies to negotiate the manu-facture of the A4 in Argentina as a break into the world market."

the fourth prototype of Argentina's first jet trainer aircraft, the IA 63, is

to fly shortly. The IA 63 has been developed with assistance from Dornier of West Germany.

Figures released last night by the Society of Motor Manufacturers and Traders show Austin Rover's share in the first 10 days of June at Finalisation of the deal will depend on approval by the US State Department and further market studies, but it is not expected to en-counter serious obstacles. The deal would also boost the Government of President Raúl Alfonsin, which is seeking to develop high-technology

13.69 per cent, with Ford at nearly 30 per cent and General Motors at 16.55 per cent. Austin Rover has attributed its disappointing performance to the uncertainties generated earlier this year by the public debate about a possible takeover by Ford. industries with a strong export bias. FMA has undergone a shake-up since the end of last year. Civilian

managers have been placed in its former military administration to Crucial to whether the company can stem the losses in the second turn it into an efficient and self-fihalf will be its performance in Aunancing company to manufacture defence and civilian equipment for gust, the month which now tends to account for around 20 per cent of the domestic and export markets. Co-production of a Brazilian turb-UK car registrations. oprop business jet with Embraer of Brazil is to begin next month and

The motor trade, in what has al-ready so far been a record year for registrations, believes August could hit a new high, particularly if the "D" prefix is given an extended life by plans to switch the new registra-tion letter date to October next

Austin Rover points out that profitable and much higher exports to continental European markets have more than compensated in the number of vehicles sold for the decline in the home market.

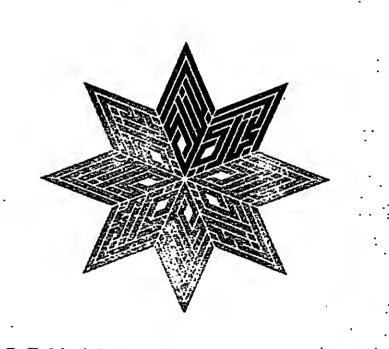
mons trade and industry committee last month that Austin Rover's financial performance worsened again in the first quarter of this year after the improvement in 1985. Austin Rover maintained last

possible to say what the trading fig-ures would be. The half-year results are usually released in Angust.

sitting on a great deal of debt, igate has done very well indeed: 70 bought units in the Forties field can which like a set of Russian dolls en-closes other acquisition debt back level is reward for identifying a is selling, it may not be time to buy.



Non-Strain



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# **Eurotunnel plans shares** placing to raise £200m

#### **Continued from Page 1**

ong-term joint venture.

The memorandum also took in

the joint production of the Hughes 500 helicopter, spare parts for the A4 Skyhawk, ejector seats, and risk-sharing co-operation in the de-

elopment of commercial aircraft. Almost 3,000 A4 Skyhawks were

produced in the US between 1953

and 1980, when the production line

closed down. The aircraft, which is

in service throughout the world, has

ad its avionics and weapons sys-

Argentina received 91 A4B and A4C Skyhawks between 1965 and

1975. They were used extensively in the 1982 war in the Falkland Is-

Mr Siedel said "there is continu-ing demand for the aircraft and

Argentina has a great deal of expe-

tems up-dated.

formally accepting the terms is mited to underwriting £200m of then likely to be signed by all the loans. Individual underwriting comloans. Individual underwriting combanks early next month. mitments from other banks, includ-Those provide for an interest rate ing about a dozen Japanese, range of 1% percentage points above the from £160m to £50m. London Interbank Offered Rate (Li-Citibank of the US, one of the Citibank of the US, one of the bor) for the main loan with rates of most recent to join the group of 1½ to 1½ percentage points above about 15 lead bankers, is expected Libor on the standby facility. to underwrite loans worth £160m.

The banks will receive a commit-The loan agreement is provisonal ment fee of % of a per cent immedion the consortium's raising at least ately the loan memorandum is £650m in equity. Eurotunnel plans

to raise a total of £1bn with a £772m The 38 banks include five British public offer proposed for next sumand French banks that helped to mer when a listing will be sought found the Eurotunnel consortium, for the shares on the London and each of which is provisionally com- Paris stock exchanges.

## Cline in the nome market But the company has also been reducing production to contain stocks and switching labour at Cow-ley, Oxford, to build up output of the new Rover saloon scheduled to the new Rover saloon sch be launched on July 10. Mr Chris Lyddon, BL's director of finance, told the House of Com-

night that, as the first six-month period was not yet ended, it was im-

Ling State PO. Bas 2661, UNC? Safe, Sanak of Kuwait Kanake PO. Bas 2661, UNC? Safe, Sanak of Kuwait Work: 350 Park Armus, New York 10022-6690 Telephone (215) 207 2020 Teles 421 744 CBK NY. Work: 350 Park Armus, New York 10022-6690 Telephone (215) 207 2020 Teles 421 744 CBK NY. Work: 350 Park Armus, New York 10022-6690 Telephone (215) 207 2020 Teles 421 744 CBK NY. Work: 350 Park Armus, New York 10022-6690 Telephone (215) 207 2020 Teles 421 744 CBK NY. Work: 350 Park Armus, New York 10022-6690 Telephone (215) 207 2020 Teles 421 744 CBK NY.

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# **SECTION III** FINANCIAL TIMES SURVEY

# The going is rougher and tougher than expected for the right-wing Government of Mr Chirac. Nevertheless, cohabitation with a hostile President Mitterrand is working for the moment

ance

# Chirac runs obstacle race against time

## By David Housego, Paris Correspondent

anticipated.

JACQUES CHIRAC came to circumstances and' the interpower in March at a time when the French economy was in the midst of an adjustment pro-gramme that was begun later than that in most industrialised countries and which so far has been carried through vich probably less cost in terms of loss of jobs and output.

probably less cost in terms of his shoulder. loss of jobs and output. But this combination of cir-The goal of his conservative cumstances helps explain why administration was to quicken two and a half months after the pace of this change while taking office Mr Chirac is the at the same time to carry victim of a certain disectant-through longer-term measures ment. The going has been of deregulation and public ex- slower and rougher than he had pardiume cuts intended to re-anticipated. of deregulation and public ex-penditure cuts intended to re-move rigidities in the economy and wean France away from its long traditions of state inter-. vention.

vention. He has embarked on this course in the doubly difficult circumstances of having a slim majority in the National Assembly and a hostile Presi-dent across the Seine in the Elysee. Elysee

Elysee. Equally he did not belp his cause hy encouraging his sup-porters before the election to believe that the return of the would create a climate of confi-dence that would start a period of faster economic growth. It was an unwise message to predicted before the poll. Mr Mitterrand has used this, strength to lay snares across, of faster economic growth. It was an unwise message to preach in that France's domestic

different now from the late 1950s and 1960s when de Gaulle and then Pompidou successively pulled off a turnahout in French performance to which Mr Chirac was nostalgically looking over his shoulder.

His supporters were impatient for quick results. Instead the legislation needed to give effect to the Government's programme of deregula-tion and privatisation has limped through the National Assembly and across the other procedural hurdles laid down hy the Constitution,

appointments -- while posing as arbiter of the Constitution. It has been Mr Mitterrand who has seen his popularity rise in the public opinion polls as a result of "cohabitation" while Mr Chirac's took a tumble earlier this month. vote, a Presidential contest left office. If they had been in

The foreign exchange initi-ally signalled their approval of the new Government (and of its early devaluation of the franc) through large inflows of capital. But the impact of this wore off, when the Bourse (the stock exchange) began a down-ward march after reaching unrealistic peaks in mid-May. The Bourse's slide was fed in part by a set of poor monthly trade, inflation and employment figures. At the same time, there were the first rumbings of labour discontent after a long period in which labour conflicts in France had dropped to an all time low.

thing.

Notwithstanding the recent

the second second

None of this would matter very much if Mr Chirac had time on his side. But a Presiin the three areas - employ-ment, inflation and law and time on his sade. But a Presi-dential election is at the most two years away — and possibly a good deal less — with Mr Minterrand, and not Mr Chirac, more master of the timing. If in the March election the Picture scherad 55, mar court of the order --- where he has staked his flag. Right scored 55 per cent of the

\*\* 2 E

where, a residential contest for once. If they had been an between Mr Chirac — who has power a few months longer set his sights on being the they would also have been able Right's candidate — and Mr to have drawn the political Mitterrand who increasingly benefit from the windfall gain looks like being that of the to the economy from falling oil Left — could be a close run prices and the decline in the thing to the economy from falling oil prices and the decline in the dollar. France is shifting closer to But even after the devalua-

the Anglo-Saxon model of two harge political formations with no longer any major ideological split between them since the Socialists ahandoned the Marx-ism in their credo. Between Mr Mitterrand's soft-fooled manual demonstry and Mr tion of the franc. French infla-tion is falling to under 3 per cent — or below the European average — thanks largely to the holding down of wage costs. The level of economic activity is riching an with non costs. The rever or economic activity is picking up with real GNP — fuelled by consumption and investment but not by exports — likely to expand by social democracy and Mr Chirac's more abrasive free market economics many French-men find it hard to choose. Hence Mr Chirac cannot afford to wait too long to show results 7.5 per cent this year.

Both nationalised and private sector companies have been reporting substantial profit increases for 1985 — thus reversing the trend of the 1970s when it was companies which run of poor economic figures, bore the shock of the second oil the fruits of the Socialists' 1983 crisis. The public sector adjustment measures were borrowing requirement — as beginning to emerge when they expressed through the combined CONTINUED ON NEXT PAGE

deficits of the Budget, the social security fund and the local administrations - fell last year as a percentage of GNP though this hides the alarming long-term deficit in social security financing that is

activity has had no impact on employment, nor led to any substantial revival of invest-ment. Job losses continue in industry, reflecting the restructuring in loss-making sectors such as steel or the car industry and will now have to continue into such areas as banking. There are signs, however, that investment is beginning to pick up more momentum — and that this movement could grow the tring invertient corner for an interest rates, the reductions in company taxation, the incen-tives to new housing and the other measures the Government has put through.



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Socialist President Mitterrand (left) and right-wing Prime Minister Chirac: procedural snares in the National Assembly

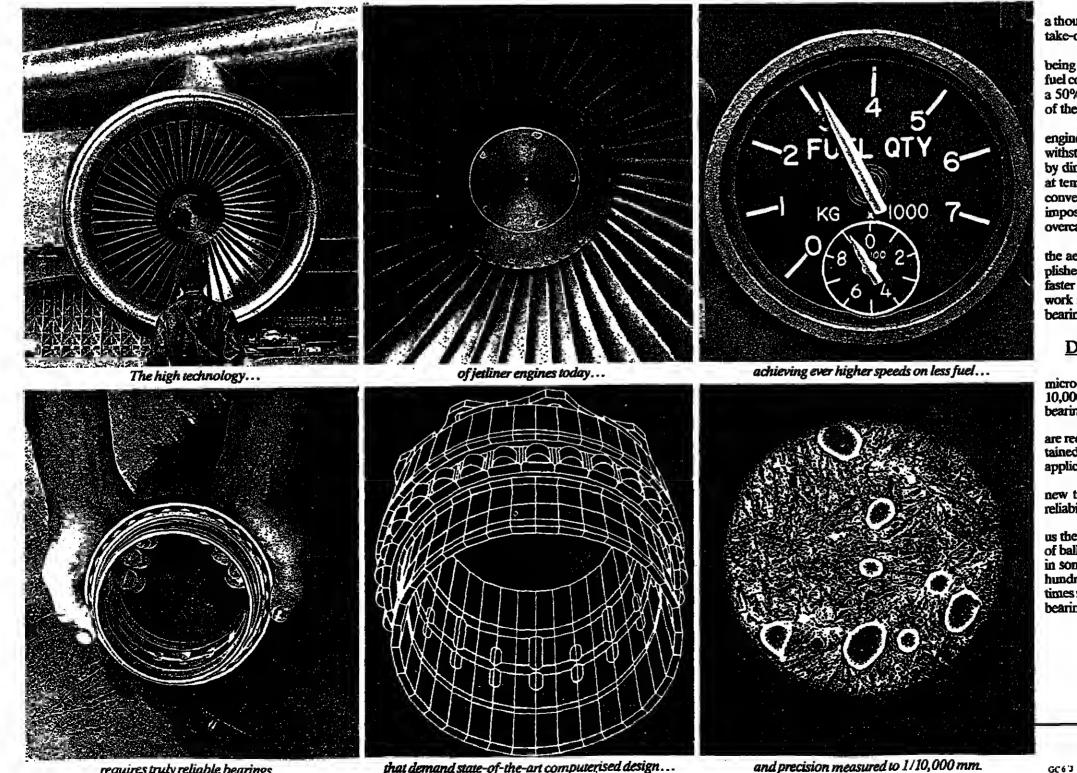
# beginning to emerge. As yet, the modest pick np

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Financial Times Tuesday June 17 1986

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#### Industrial Output, Foreign Trade and Current Re Indices: 1982-100 OECD lorecasts from 198 120 -7130 Volume of Exports Volume of Imports 120 100 190 forms of Trade 110 700 Volume of **T**120 110 90ł 180 100) sibles. Net 1977 78 79 80 81 82 83 84 85 186 87

# New team pulls on two different levers

The Economy

reason to reel comused about interest in making do most of the state of their economy. After being given a rosy pic-ture early in the year of the windfall gains for growth and inflation that would stem from the drop in oil prices and the combination of e more favour-dollar, they have since seen Mr Edouard Balladur, the new Finance Minister, cast a cloud over deregulation and restoring compdience could have tight over the immediate future by confidence, could have trig-describing the economy as gered off renewed pressure being in "a bad state." over prices and wages

describing the economy as gered off renewed pressure being in "a bad state." over prices and wages. There has been no fundamen-tal change over recent months. The second factor is that the either in the international environment or France's — the devaluation of the franc, domestic situation, to account for such widely different assess-ments. Nometheless, two events have ocurred which alter the perspective. The first is the transfer of A good many of them would

perspective. The first is the transfer of A good many of them would power from a Socialist admini- have been implemented by the

A move in the right direction ...

good news in the French sconomy is that, after five years, in which real GDP has expanded at an annual average of 1 per cent, output in real terms will

of encouraging exports while curbing imports.

The greater part of the addi-sonal growth is coming from increased household consump-tion—which in turn reflects a higher level of real disposable This is due to a com-

THE FRENCH here good stration, which had an electoral Socialists. But they will take bination of faster-than-expected disinflation, leaving wage the state of their economy. its achievements, to e right. Beneath the polemic, the earners with a 1 per cent gain Beneath the polemic, the this year in purchasing power,

and to cuts in taxation and increases in social allowances. The boost to domestic demand

at an annual average of 1 per Cent, output in real terms will grow by about 2.5 per cent this year and next. This is still below the OECD average, and in particular a good per-centage point below France's main trading partner West Ger-many. But this growth differen-tial bas at least the advantage of encouraging extorts while

Nonetheless an important Nonetheless in important element in the good news-cor-porate profits are rising again, thus reversing the trend of the 1970s when households in-creased their share of the national wealth. The improvement in corporate profit ratios-back last year to the excep-tional level of 1977—is e result nf the clampdown on wage costs, the refuction in interest rates and a lengthy period of rationalisation and workforce cuts.

Coupled with the increase in activity, inflation continues to fall, with France this year likely public sector tariffs. and re-flects the continued squeeze on

in economic growth being reficcted in an acceleration of imports. Even with last year's

modest 1.3 per cent rise in GDP, imports rose 5.2 per cent in volume terms, with exparts growing only 2.3 per cent.

term

unemployment, which stahilised last year at around 10.2 per

foreign debt will be less than over its intentions. The first measures intended to stimulate anticipated. has been to curb any revival investment. These bave in-The other bleck spot is that of inflationery expectations. The cluded the removal of the bulk of foreign exchange controls

the main money market rate-by 1 per cent to 74 per cent; and hank base lending rates have also fallen by one per cent to 9.60 per cent. Real interest rates in France, nontheless, remain high et a time when inflation is failing to



But the continuing weakness of investment — still well below 1980 levels — is one of the reasons for a certain loss of industrial industrial competitiveness which is the weak spot of the French economy. Exports of manufactured goods stagnated last year and France's surplus

consensus within France over economic policy, some of the liberalisation measures-such as the lifting of foreign enchange and price controls, or the cutting of public expendi-ture-had been initiated by the Socialists. Even the most controversial

But o

The Government's difficulties The Covernment's diminities are likely to grow in the com-ing months as it enters what one of the Prime Minister's advisers recently called a "period of political turbu-lence." Mr Mitterrand seems determined to play cat and mouse with Mr Chirac over the signing of, decrees and the approval of appointments.

responsible for leunching the conflict, "Cohebitation" still remains popular in the opinion polls as giving effects to an old French dream of a national political contensus."



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The other hieck spot is that

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The Pompidou Men

# Rehabilitation of the old guard

attend a mass commemorating the 12th anniversary of the death of Georges Pompidou.

Tursts In The

a and Current

The "Pompidou men" have thus crowded back into the administration. Mr Chirac got his first experience in politics under Pompidou, and was laker both his Minister of Agricul-ture and of the Interior. Edouard Balladur, now Finance Minister, was Pompidou's Secre-tary General at the Elysee. Denis Baudouin, now govern-ment spokesman in the Prime Minister's office, was Pompi-dou's press adviser. Jacques Foccart, now Chirac's adviser on African affairs, held similar posts under de Gaulle and Pom-

Minister's office, was Pompi-dou's press adviser. Jacques on African affairs, held similar posts under de Gaulle and Pom-pidou. Even Roger Martin, the former head of Saint-Gobain and called back by the govern-ment to head a committee of inquiry on aids to industry, pre-sided over the industrial wing of the planning commission in the Pompidou years. The calling back of the Pom-

ONE OF the first acts of Mr pidou tribe, in a context of "co-Jacques Chirac and his minis-ters after taking office was to vide Mr Chirac with a reservoir of experience to act as a countor experience to act as a count-erweight to an Elysee occupied by e Socialist president. Signi-ficantly, as well, politicians with whom Pompidou had diffi-

-were left out of the cabinet. Fompidou was a popular pre-sident who combined being a conservative in politics with an uncanny sense for the shifting moods of public opinion. After having worked closely under General de Gaulle for years, he broke the umbilical cord with the dominant figure in French post war politics to establish a modern version of Gaullism. It is above all that that Mr Chirac

is above all that that Mr Chirac admires.

In the 'servant of the state' tradition

Georges Pompidou, the former President almed France after the riots of

today.

tion programme.

something I detest." For the "Pompidou men May 1968. But even among the Gaullists

approval

France 3

tion, the abolition of the weath tax, the easing of redundancy procedures, the use of emer-gency parliamentary powers to accelerate legislation, New Cafedonia, the US Strategic Defence Initiative (SDI) and nominations for diplomatic

But even among the Gaullists of his day, Pompidou did not win universal support. As pre-sident, he fell out with Jacques Chaban-Delmas, his first prime minister, over the latter's plans for a "new society"—a social democrat vision of France that is not too distant from what the Socialists are proposing today. At the same time, Mr Chirac At the same time, Mr Chirac has had to navigate in the National Assembly with a majority of only three. On the Opposition benches, he has had to face a Socialist party cock-a-hoop that it was able to retain more than 200 seats in the elec-tions and which in studen with tions, and which, in tandem with Mr Mitterrand, has enjoyed playing with Mr Chirac as with a yo-yo-sometimes conciliatory in the Assembly, sometimes piling up amendments to legisla-David Housego tion in a way that justifies the Government's attacks of "obstructionism." It is a tactic that is wearing on the Government's nerves and on its public images.

that Bourse prices have been too high as a launching pad for the Government's privatisa-By no means the least of Mr Chirac's troubles is the Mr Chirac's troubles is the problem he has had with his own coalition partners. The more centrist UDF were irritated that Mr Chirac's neo-Gaullish RPR took the plum. jobs in the new cahinet. Their two loaders former Pareldent As.a former Secretary General of the Elysée and e mem-ber of the Conseil d'Etate (one of the most prestigious of the grands corps), Mr Balladur is in the old French "servants of the state" tradition. He has thus taken a high-handed tone with the business lobbies two leaders, former President Valery Giscard d'Estaing and Mr Raymond Barre, his former Prima Minister, remain Mr Chirac's rival as a candidate for the next presidential elections. The more market oriented-members of the UDF were initially impatient with Mr Chirac for dallying top long in cavring the terminal top

in carrying through the main measures of liberalisation contained in their joint manifesto. Mr Chirac's difficulties have forced him to rely more than he initially intended on the

Chirac beset by handicaps

**Politics** 

IN THE end both and opponents of "cohabitation" have been proved right. Power sharing between a right-wing prime minister and a Socialist president has not paralysed the rench administration. But it has proved an uncomfortable experience for Mr Jacques Chirac as Prime Minister.

Chirac as Prime Minister. He has had to demonstrate that the new right-wing majority, which emerged vic-torious from the polls on March 16, is pursuing different pollcies —but to do so under the nose of a Socialist President who does not cease to voice his dis-approval.

Mr diitterrand has taken his distance from dir Chirac on issues as different as privatisa-tion, the abolition of the wealth

Constitution to hurry through egislation by criting short Parliamentary debate. Thus one of the paradoxes of "cohabi-tation"—or "coexistence" as President Mitterrand prefers to call it—is that Parliament has seen its power eroded. This in spite of a move to a more Parlamentary regime in the sense that for the first time in the 5th Republic real executive authority lies with a Pime Minister responsible to tha Parliament. tha Parliament.

existing single-seat majority voting system had been retained for the March elections, Mr Chirac and his allies would have won a landslide victory as the right obtained 55 per cent of the votes.

But proportional representa-tion-as Mr Mitterrand bad foreseen-allowed the Socialists foreseen—allowed the Socialists to emerge as the largest single party in the Assembly with 32 per cent of the vote. It also divided the right by bringing into the Assembly the extremist National Front of Mr Jean Marie Le Pen with more than 30 seats. The Front has now the same partiamentary reprethe same parliamentary repre-sentation as the Communists, who saw their share of the vote drop to under 10 per cent.

stable situation, the skirmishing between President' Mitterrand and Mr Chinac represents only a preliminary exchange of fire. Neither has an interest in an open conflict at the moment, which would be ild understood

Left to right: Jean-Marie Lo rea, mucael kocard and Valery Giscard d'Estaing: concerned with the prospect of the next presidential election emergency powers of the Mr Chirac's policies should be country would give the new Constitution to hurry through given more time to show their president a parliamentary egislation by cutting short effects.

It is thus around the prospect of the next presidential elec-tions that the major parties are beginning to deploy their But the tension is likely to grow this month, when Mr Mitterrand must decide whether

ш

Mitterrand must decide whether to sign decrees and appoint-ments put to him by Mr Chirac. It could worsen in the autumn with discussion over the budget, Thus the expectation that there could be an early presi-dential election late this year or early next. It is a hypothesis which both sides are taking seriously. energies. The Socialists, who had been in danger of scrapping badly among themselves if they had been badly defeated in March, heve increasingly railied around heve increasingly raised around Mr Mitterrand as their future candidate. The major dissident voice is Mr Michel Rocard, the former Agriculture Minister, who insists he will also stand On the right, it is the UDF which has the major problem seriously. Mr Mitterrand has far more

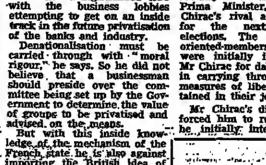
Mr Mitterrand has far more control than Mr Chirac over the timing of fresh elections. He can dissolve the National Assembly—though Mr Chirac is in preserving its identity and in the process of disarming this weapon throogh switching hack to the single-seat, first-past-the-post voting system. He can also resign. Mr Mitterrand could be tempted to do this as, if he standa again to do this as, if he standa again

He can also resign. Mr Mitterrand could be tempted to do this as, if he stands again (which seems increasingly likely), an obstacle across his path is that the electorate might index the full component forme remains divided over its politi-cal programme and over who it wants as its leaders. Besides Mr Giscard d'Estaing and Mr Barre, Mr Francois Leotard, the Minister of Culture, is now judge two full seven-year terms as too much. Hence the possi-bility of a referendum to reduce also staking a claim as a future presidential candidate. the President's terms of office to five years.

Though the right had a clear On the extremes, the National majority of votes in tha March Front is likely to be virtually elections, it is by no means eliminated from the Assembly certain that this would be the by a switch back in the voting case in a presidential fight between Mr Mitterrand and Mr system. Increasingly, France seems between Mr Mitterrand and Mr Chirac. Mr Chirac suffers from the disadvantage that he is likely to be sniped at both by Mr Giscard d'Estaing and Mr Barre. But all parties are agreed that whoever wins the presiden-tial election could dissolve the National Assembly afterward to be moving towards two large

to be moving towards two large political movements of left and right on the Anglo Saxon model—with, for the first time in decades, a good consensus between them on the funda-mentals of economic policy. National Assembly afterwards

**David Housego** 



ledge of the mechanism of the French state he is also against importing the British idea of the "golden share" into the privatisation programme. He believes that if given a foothold the state, with the derivite the state, with its dirigiste tradition, would continue to be

These handicaps to Mr Chirac's authority are all the more frustrating in that, if the

In what is inherently, an unby a public opinion that believes in the expectation that the

International

# **Finance** Minister MR. EDOUARD BALLADUR was unknown to the French public when he took over as Minister of State with respon-sibility for the Economy, Exter-nal Trade and Privatisation-

**Profile** of

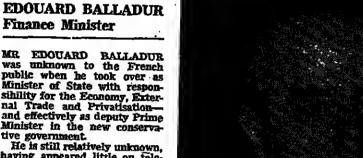
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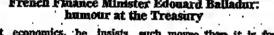
and effectively as deputy Prime Minister in the new conserva-

tive government. He is still relatively unknown, having appeared little on tele-vision and given few Press interviews. But within the Treasury-one of the most difficult departments for a new

difficult departments for a new minister to get to grips with— he has achieved a firmness of control probably ministched by-his immediate predecessors. "Balladur has established an absolute "dictaforship," says "a former Treasury official over-ewed by the way that the minister has succeeded in intimidating the officials who work under him.



French Finance Minister Edouard Balladur:



intimidating the officials who work under him. Despite his sombre appear-ance and flat Parliamentary delivery. Mr Balladur is e man with an unexpectedly wry sense of humour, "As Minister of Finance, I see a great future for the television licence fee." the recently told e reporter questioning him about rumours that the Government might reduce it. Though committed to free

But, unlike many of the Chirac. Government's followers, Mr Balladur is a patient man and he believes that the changes being introduced in economic policy will bring optimum re-sults. If they do not, Mr Chirac's presidential ambitions will be seriously undermined.

**David Housego** 

The Unions

First rumblings of labour unrest

AFTER a year when the number of labour conflicts dropped to an all-time low, this summer has brought the first rumblings of labour unrest. French railway workers called a widely followed strike last month to protest at the planned cutback of 8,000 in the SNCF's (French railways) workforce. This month there have been periodic strongers in workforce. This month there have been periodic stoppages in the RATP (the Parls metro), Electricite de France, Aero-spatiale, the shipyards and other parts of the public sector over issues of workforce cuts

over issues of workforce cuts and pay. Mr Edmond Maire, the leader of the pro-socialist CFDT, who had been keeping a low profile since the election, recently warned the Government that it risked a militant backlash if it adopted policies being pushed by the extremist right. The Communist-led CGT union has been picking up more votes in plant level, inter-union elec-tions — though its strength tions - though its strength remains well down on what it

remains well down on what it was even a few years ago. Perhaps more worryingly for the Government, Mr Andre Pergeron, the leader of the more centrist Force Ouvriere, who has always had good rela-tions with right wing adminis-trations, warned the govern-ment that it was committing "blunders."

The unions, however, have it is not yet clear whether has been much eroded -- and continuing to be -- by high levels of uncamployment. But in political terms the Socialists have clearly an interest in the it is portion conflicts in the and right over the Budget are it is you conflictal par-ticel in formeas however, have distance from the political par-ticel in the March elections, the corranging union conflictal par-ticel in the March elections the amployers had been seet. Though the GGT is dominated by the Community Party, it none-the March devaluation have the March devaluation have t

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# France 4

Motor Industry

# **Restructure of Renault** balance sheet needed

THE CAR industry and the dire the US car group in which it grow this year to about FFr 2bn problems of the state-owned has a 46 per cent stake. It is to FFr 3bn. Renault car group continue to looking, among other things, for be the biggest industrial head-partners for AMC. The French Covernment has ache for the government, After losing a record FFr 12.5bn in 1984, Renault lost another huge FFr 10.9he last year

losing a record FFT 12.501 in 1984, Renault lost another huge FFT 10.9bn last year. And akthough the first results of the sweeping restructuring programme undertaken by Mr Georges Besse, chairman of Renault, are starting to show, the new conservative govern-ment faces delicate and contro-versial decisions over the future of the large state car group. The group, which was losiog about FFT 10n a moath during the first half of 1985, has now managed to bring down its monthly operating losses to about FFT 500m a month during the first nart of this year. In-deed, during some months this

about FFr 500m a month during the first nart of this year. In-deed, during some months this year, Renault bas managed to that it is considering coming to the rescue of Renault this time. "It seeme we haven't got much choice. But it will be the last time a situation like Renault will ever happen again in France" a senior French bring down the deficit below the FFr 500m level. This reflects the large job reductions it bas made in France and Mr Besse's in France." a senior French government official remarked. made is rance and an base a cost-cutting operations: and his efforts to recentre Renault's activities around its core car and truck businesses. The future of Renault is also

activities around its core car and truck businesses. But Renault continues to be burdened by crippling debts totalling about FFr 60hn. Mr Besse has made it clear that the company needs to restructure its balance sheet urgently and several years of heavy losses

company needs to restructure its balance sheet urgently and requires about FFr 15bn to The French state car group is also still striving to find a solu-tion to its large and costly American assets including an engine plant in Mexico and American Motors Corporation,

stake in the French company marking the end of another sig-nificant and difficult chapter in the history of the privete car Indeed. Peugeot's group. troubles in recent years came from its decision to acquire Chrysler's European car opera11

Buil

tions in the late 1970s and the difficulty in digesting and ab-sorbing them. Peugeot is now wortied that by racing to the rescue of Renault the government will cive its domestic rival an unfair

boost. After all, Peugcot argues, the

private car group bas also bad its fair share of problems which it bas had to resolve essentially on its own and although the situation at Peugeot has now improved considerably, the group still has a weak financial structure with financial struc-ture with financial debts totalling FFr 32.4ha.

For both Peugeot and Renault another problem is the uncertainty over the outlook of the French car market. The domestic market was depressed last year and continued to be sluggish at the beginning of this year.

The two French car groups are hoping to see a recovery but are still extremely cautious in forecasting the extent of the eventual pick-up of the domestic market.

**Paul Betts** 



Michel Tessarotto, owner

Telemos,

of

top priority THE NEW government has lems of French industry, in a made the recovery of the competitiveness of French industry president, Mr Guy Brana. The report shows that productive Since coming to power, the investments in France, after administration has announced a falling between 1980 and 1984, whole battery of economic and industrial measures designed to boost the strength of French industrial performance at home of 1979. In West Germany, between the strength of the body year, but only enabling the country to return to the level of 1979. In West Germany, Britain, the US and Japan, the

and abroad and stimulate badly-needed job creation. Mr Alain Madelin, the new industry minister and one of French direct investment abcoad is also well behind those of its main industrial rivals. French enterprises invested only FFr 18.4bn abroad in 1984, compared with FFr 26.9bn for West Germany, FFr 34.9bn for the UK, FFr 52bn for Japan, and FFr 107bn for the US. the champions of the new French liberal wave, says that the Government's aim is to create the free-market liberal chimate to encourage the development and the profitability of the industrial sector as a

Industry

**Competitiveness** 

is given

Matching deeds to its liberal rbetoric, the new government devalued the Freoch franc to give industry e shot in the arm, although many enterprises and especially the hard-hit French automobile industry, would have liked to see a bigger devalnation

one of its top priorities.

IV

It has announced reductions in business and profit taxes and has taken the controversial de-chain of lifting the cumbersome administrative regulations, to enable companies to declare redundancies more easily, with the idea that this will induce enterprises to hire new em-ployees more readily than in the past. In line with its free-market

In line with its free-market approach, it has announced the lifting of all industrial price controls, deregulation in the energy and telecommunications sector, privatisation of state banks and industrial groups. The Government is also advo-cating the merits of labour mar-ket flexibility and, to improve further the commetitive posifurther the competitive posi-tion of French enterprises abroad it has eased substan-tially the exchange control con-straints suffered by French

But, after moving swiftly in launching its package of measures to belp boost indus-trial performance, the Govern-ment has already started to show signs of Impatience. Mr Jacques Chirac, the Prime Minister, echoed the new administration's sense of frus-tration when be told entre-preneurs, at a recent business conference in Paris, that they were not keeping their part of the bargain in creating a better employment climate in return for the Government's latest for the Government's latest industrial incentives.

The Government bas aince ound that the country's overall

rise in productive investments since 1983 has been sustained. leaving France behind.

Another telling example of the gravity of the situation is the steady rise in foreign pene-tration of the French market. The total penetration of foreign industrial pcoducts rose steadily fcom 26.8 per cent in 1979 to 33.1 per cent last year.

In turn, French penetration of export markets bas been of export markets bas been declining: from 10.4 per cent in 1979 to 8.2 per cent last year. This is further reflected in the decline of the country's indus-trial goods trade surplus. After falling by 14 per cent last year, to FFr 83bn, Mr Micbel Noir, the trade minister, expects to see the surplus plunge to FFr 20bn-FFr 30bn this year. At the same time, while large

At the same time, while large export contracts are expected to continue to decline this year, from last year's level of FFr 82bn, large public con-tracts on the domestic market bave also been falling, as a result of the slowdown in orders from key sectors like telecom-

munications, transport and the nuclear industry. The Patronat, and French industry in general, claim that,





communications, and engineer-ing group, has for its part recently reported a consolidated profit increase of nearly 50 per cent (to FFr 1.2bn) for 1985. Saint-Gobain, the big state glass

group, has also acen profits

industry in general, claim that, while the Frencb government's latest measures are welcome, they are still insufficient. More-over, they argue that it will take time before they feed through the system and start to produce results that will enable indus-try to resume job-creation. If the private sector is cur-rently adopting a wait-and-see ettitude, the public sector is in a state of high tension. Although the management of the large industrial groups nationalised of privatisation by encouraging a by the left have tried to adopt they are concerned about the impact of privatisation on the continuity of their respective industrial strategies and inter-sing as more celling on foreign owner-sing and the Government plans j they are concerned about the industrial strategies and inter-sing and the Government plans j the they are concerned about the industrial strategies and inter-sing; and the Government plans j the stakes in the vrivatised

DOMESTIC

DONNESTIC

time for nationalisation and a Matra state-controlled group, time for privatisation. Both are also in the car components

t time for privatisation. Both are useful," T But the state groups would also in the car components sector. But despite the problems and concerns of private and public industries, the overall industrial stuation is improving. Labour relations continue to be rela-tively good, although there have been signs of tension lately. Unions and employers are still and investment opportunities. The state groups feel that ing the Government to raise get. And the amount of money that privatisation is expected to get. And the amount of money that privatisation is expected to for calculating that it will raise for a total of around FFr 200bn by completed. The Government has already the time the programme is completed. The Government has already the time the programme is completed. The new government is now

The Government has already had to moderate the appetites of foreign investors interested in taking edvantage of the new

had to moderate the appetites of trying

sector. But despite the problems and

Profile of

the entrepreneur Michel Tessarotto

information technology scene. French computer hardware manufacturers bave signally failed to stand up to US comis sweeping into everyday life. Telemos employs 35 people

Success story in software

TELEMOS, the

brainchild of

MR MICHEL TESSAROTTO is a French entrepreneur of Italian parentage who believes his computer software company Telemos provides an indication of bow information technology

tivity," be says, pointing to walls covered with his collection of paintings ranging from a 16th

century religious canvas to violently - coloured modern Jandscapes. Telemos is one of a number

industrial situation is perbaps in worse shape than it bad anticipated. Apart from the contiouing problems of tradithese tional sectors, like cars, steel and shipbullding, where restructuring will continue to require substantial financial backing from the state, the overall level of competitiveness, profitability and investment is still lagging bebind those of many of France's major industrial com-The Patronat, the French

employers' confederation, has The Compagnie Gen just outlined extremely elo- d'Electricite (CGE), quently the underlying prob- nationalised electronics,

extremely likely, that the top take stakes in the privatised managements of a number of groups. groups. The state groups themselves ese groups is changed. Restructuring and rec are not opposed to the idea of denationalisation, as long as it recovery

efforts et the main nationalised groups have proved generally does not disrupt their industrial groups have proved generally does not disrupt their industrial successful. After heavy losses, continuity. Indeed, a number the Thomson electronics and of senior state managers have defence group, the Bnil com-made no secret of the fact that puter group, Rhone-Poulenc, the they favour privatisation, which state chemicals concern, and the is expected to give their groups Pechiney aluminium and metals greater sutonomy and flexibility company have all returned in

cturned in as well as better opportunities to tap international financial Generale markets. E), the One head of a state company the black.

PARIS

**INTERNATIONALI** 

AINTERNATIONAL

DOMESTIC

WAR AND IONAL

try's leading car components company, by Mr Carlo de Benedetti, the chairman of Olivetti, the new government has signalled clearly that it will not suddenly open wide the doors to foreign investors and allow takeovers of major industrial groups overnight. Indeed, in the same vein, the Government has delayed giving the go-shead to Flat's plans to

tele- recently remarked: "There is a form a venture with the French

taking edvantage of the new liberal climate in France. By

initially trying to block the take-over effort of Valeo, the coun-

industry in its attitudes and methods. Considerable progress has already been made in the restructuring of certain troubled sectors and the development of new industries and venture capital. But the road is still

"Yon need e dash of subjec-

betition over the past 20 years. But the French software in-dustry is a success story and is based in a suite of offices near the Fauchon luxury food underlined by the rapid growth of the French No 1, Cap Gemini shop in central Paris, opposite the flower stalls outside the Sogeti, now European leader. Mr Tessarotto, 42, spent

and salesmen work by taking charge of specific projects for customers. The only present contract where Telemos is not four years with the Hachette publishing and communications group during the 1970s before moving to become director general of Ordina, a mediumin charge of the project insized French aoftware company. Tessarotto set up Telemos in 1983 when he left Ordina after volves military work for the Thomson defence group, Mr Tessarotto says. a four-year stint.

a four-year stint. His company, with a capital of FFr Im (Tessarotto owns 99.8 per cent of the shares) ex-pects to register a turnover of FFr 12m for the business year to September 30, up from FFr 9m in 1984-85. "We don't have the same financial means as the big com-panies. Our commercial and marketing efforts are more difficult. We cannot afford to make errors - so obliged to be good."

He is hoping to develop further business in the financial Profits are running at about FFr 2m a year, which Tessa-rotto says is being kept in the area to profit from banking deregulation in France and also company mainly to assure a comfortable treasury position to in all areas of the distribution business. protect it from periods of slackening orders. Under a

we are

Up to now, he says informascheme to give start-up com-panies fiscal incentives, brought in by the previous Socialist government, Telemos pays no tion technology in most com-panies has been used to "economise" people, time and money rather than to bring positive gains.

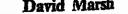
tax et present. It is working for e number of banks and financial institu-As companies start to regard computers as indispensable equipment this is now starting or banks and mancial insuct-tions, including Crédit du Nord, Union des Assurances de Paris and the Compagnie du Midi holding group to help to set up improved computer-based com-municitien networks to change with advances in ways of transmitting volce, image and data, he says, companies are being given new opportunities to get closer to their customers.

"We need new national and international Information net-works. Companies like ours will have a rola in helping to cut the costs of existing networks and in deciding whether new ones need to be set up."

his confidence in the future of information technology with plans to make acquisitions of

the fore.

he wants eventually to reduce his personal shareholding and. one day, to float shares on the Bourse through listing on the



David Marsh

Mr Tessarotto is backing up

working and distribution methods could be brought to

tion about new titles. This will Although be enable them to pass orders remain the patr directly to build up stocks. The he warts events first connection will be made his personal shi in October, with plans for 10 to one day, to floar 30 bookstores to be linked up Bourse through by the end of this year and 100 second marché.



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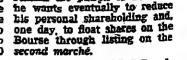
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companies in which new net-

Although be intends to remain the patron of Telemos



It will eventually link up about 50 publishing and book distribution companies and give bookseliers immediate informa-

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vention.

As a result, the new adminis-tration, even with its best liberal intentions, has found it hard to shake off the traditional pen-chant of French administration for dirigisme and state inter-**Paul Betts** 

classically grandiose Madeleine Church. As these surroundings might indicate. Mr Tessacotto, whose father illicitly entered France long. As a result, the new adminis-In 1936 to escape Mussolini's Fascism, believes that information technology companies need to find a release from the "arid" nature of Renault

- 11

Twesday Andrews

needed

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Financial Times Tuesday June 17 1986

# Performing a delicate juggling act

Aerospace

The challenges and risks con-fronting the industry as it faces up to highly competitive mar-kets abroad and strains on the nilitary budget at home thus have repercussions spreading well beyond the 127,000 people directly employed in the sector.

French aerospace companies are trying to keep going a deli-cate juggling act in which the benefits of international collab-oration have to be finely weighed against the interest of purely go-it-alone national strategies. 5

strategies. The dilemma is one which faces other industrial sectors too, both in France and abroad. But the difficulty of reaching an equilibrium between co-opera-tion and competition has been emphasised by problems in a number of joint programmes-ranging from the European Fighter Aircraft to the Hermes space aeroplane--which have come to the surface over the past year. 1 er 5 past year.

Underlining the international exposure of the aerospace zec-tor, exports last year made up about two thirds of the indus-try's total turnover of FFr 70bn, which grew only modestly from FFr 68bn in 1984. 12.15

FFT 6850n in 1964. Total orders last year showed a big increase to FFT 62m from FFT 38bn in 1964, divided equally between civil and mill-tary contracts. Significantly, 52 per cent of last year's nrders concerned products made as part of international co-opera-tive agreements, against 42 per cent in 1984. This semplecies that a lase This emphasises that a large

part of recovery from the orders slowdown of 1982-83-when the

THE FRENCH aerospace indus-try is both a high-profile Higher sales of 50 wide body standard-bearer of the country's A 300 and A 310 jets, as well as technological excellance and an instrument of its independent-leaning foreign policy. The challenges and risks con-fronting the industry as it faces industry as it at Airbus.

On the other hand, the consortium's success in wresting orders away from Boeing-par-ticularly the \$1.6bn deal for Indian Airlioes Clinched by Air-bus has prompted the Seattle-giant to step up a campaign alleging that its European rival receives unfair, subsidies from

European governments. Boeing claims that Airbus has received more than \$10bn in production subsidies to keep its production subsidies to keep its business going. Airbus says that the figure is more like 54bn —and French acrospace execu-tives have recently started up their own counter-campaign pointing out the big cash injec-tions. Boeing receives from the US Grouper and for access from the campaign. The French Defence Ministry and Dassault-Breguet have been putting out feelers towards Bel-

SUCCESS.

US Government for space and military work. Although the Airbus-Boeing war of words has grabbed the headlines, continued co-operation between General Electric and Snecma, the French state-owned aero-engine

company, has underlined that trans-Atlantic links can be a

The two companies started work on the joint CFM-56 engine in 1973 under a programme of technological co-operation which has its roots in an accord between Presi-dents Nixon and Pompidou. Orders for the engine — used both for airliners such as the A-320 and Boeing 737-300 and for the US and French air trial orientation towards Franch defence procurement, will press home the merits of some sort of collaboration with

force's fleet of Boeing KC-135 mid-air refuelling and transport aircraft — started to spurt in 1984 an dhave now sped well US manufacturers over the new generation fighter, part of recovery from the orders slowdown of 1962-63—when the international civil aviation re-cession hit French manufac-turers particularly hard—has been due to success in pro-grammes in which France is The boost to the fortures of the Airbus Industrie consortium in which Aerospatiale has a 37.9 per cent stake, had a sharp

among the participating govern-ments, has its problems — Bot to join in the Hermes project — just due to the US lobbying for a mixture of both technologi-campaign. cal and economic reasons - has been raising growing concern

France 5

in Paris: France has been boping the gium, the Netherlands, Norway manned space-plane could fly by and Denmark — countries 1995-96 — a date which is look-which bought the General ing increasingly unrealistic. Dynamics F-16 in the 1970s in The consortium is trawling

Dynamics F-16 in the 1970s in tough competition with Das-sault — to try to persuade these countries to join the programme to develop Dassault's Rafale prototype fighter. An accord with the "North European group" would, how-ever, almost certainly pospone by several years the originally to now scheduled for 1995. An intriguing question is the past, and British Governments, hut the UK has shown no sign of prance's Rafale-based fighter, up to now scheduled for 1995.

An intrigning question is bave to turn increasingly to fin-whether Mr Andre Giraud, the ancial markets to back new pro-Defence Minister, who has said jects. A FFr 100m loan granted he wants to bring a new indus-to Aerospatiale earlier this by French banks to belp back theA-320 may point the way.

Greatly more problematic is France's future policy in mili-tary aircraft, Dassault-Breguet has been a victim of the social-ist's government's delays in ordering the Mirage 2000 fighter as well as of a slowdown in business with oil states and Third World countries. The community is carebing for a new

The assembly line of the A300 and A310 at the Toulouse plant of Aerospatiale Even the Airbus project, over Messerschmitt-Boelkow-Blohm many, Italy and Spain in build-which there is a remarkable and British Aerospace respec-degree of political agreement tively. among the participating govern-ments, has its problems — not to join in the Hermes project — industry. Dassault-Breguet had

lohhied hard against a five-nation accord, arguing that it would have to give up tech-nology and receive nothing but mounting costs in return.

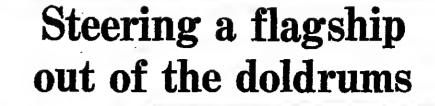
Contraction of the

All the same, France knows that it can no longer finance and produce solely by itself a world-class new-generation fighter capable of standing up to competition in the 1990s from McDonnell Douglas, General Dynamics and Northrop.

Bonn has said it will make a decision on the matter in the autumn, and CNES, the French space agency, bas said that

space agency, oas said that European support for the pro-gramme is sufficient to allow it to go ahead even if the Germans refuse to join. Finally, the latest failure of the French-led Ariane rocket, due it seems to a failure in the third-stage motor manufac-tured by Société Europeenne de Propulsion (SEP). has cast a Propulsion (SEP), bas cast a veil over French and European

veil over French and European bopes for commercial exploita-tion of space. After the series of mishps affecting the space shuttle as well as the undoubted delay which will now affect Ariane-related programmes, ambitious Freech backed plans developed at the European Space Agency to achieve "autonomy" in space may now not be realised before the end of the century.



#### Profile of HENRI MARTRE, president of

Aerospatiale MR HENRI MARTRE, presi-dent of the French state-owned aerospace group Aerospatiale, is a man well used to see-ing the light and shade of the armaments and aircraft

industry. Following a 37 per cent increase in Accospatiale net profits last year. to FFT 454m, Mr Martre can be excused for earing at least a half-smile,

The company, the flagship of France's efforts in balf-a-dozen high-profile programmes, rang-ing from the European Airbus to the Ariane space rocket, has recovered from the doldrums of 1983 when it slumped into deficit.

However, intense competition and the effect of the lower dollar and the fall in the oil price on world markets are likely to bite into this year's results. As if a further re-minder were needed of the dangers of over-confidence, the latest Ariane failure has served

afford to rest on its laurels.

afford to rest on its laurels. Mr Martre, who took over at Aerospatiale in 1983 after a siz-year stint as head of the Direction Generale pour l'Arma-ment, which controis the Defence Ministry's weapons programmes, is centrally placed to measure the rowards and pitfalls of international aero-snace cooperation. space cooperation.

Aerospatiale has a long stand-ing record of collaboration with foreign companies. This is in marked contrast to the other main aerospace manufacturer, Dassault-Breguet, now facing up to a more unsettled period during which France can no



Henri Martre, president of Aerospatiale: losing no sleep over privatisation plans

between the French and German military authorities.

The idea put forward by Mr Andre Giraud, the Defence Minister, that Aerospatiale should take over responsibility for building the helicopter, in return for Freoch acceptance of German expectise in the con-struction of a joint tank, remains for the moment a gleam in Mr Martre"s eye.

Mr Martre also hecame caught up in the Westland affair earlier this year. He described as a champion of Britian's national dignity Mr Michael Heseltine, the former UK Defence Secretary who re-eigned after urging a Euro-pean solution to the company's probleme.

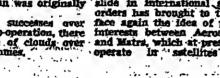
during which France can no longer afford to fund on its own major fighter aircraft projects. Mr Martre has been in the eye of the storm on the bighly competitive world helicopter market. A mach-waunter Franco-German project decided inti-tank helicopter for the anti-tank helicopter for the matically keeping the door open 1990s, for which Aerospatiale to possible continued co-opera-tion with Westland if the pool resources in a Munch-based British government decides to company. It has started to come go abead with the mooted problems be century. David Marsh widely differing specifications belicopter project.

As another sign of the need for diplomatic skills in the armaments business, Mr Martre, during the last year, has be-come progressively warmer to the idea of participation by Aerospatiale in the US Strategie Defence Initiative. He does not believe the pro-He does not believe the pro-gramme will lead to large con-tracts for European companies; Aerospatiale is now pushing for European prowess in anti-missile systems — an area where it is co-operating with Thomson to try to develop a embryonic European anti-missile shield — to be recz-nised in US planning on SDL. Whatever the risks inherent in Aerospatiale's business, which last year was concen-

which last year was concen-trated 60 per cent on exports, trated 60 per cent on exports, Mr Martre et least is not losing any aleep over the Govern-ment's privatisation plans. As the company which makes the ballistic missiles for France's nuclear deterrent, Acrospatiale is definitely not a candidate for sale to private investors -- and Mr Martre, aged 58, is one of the handful of nationalised in-dustry bosses in no danger of losing his chairmanship in the next few months. David March

David Marsh

# **Builder who bucks the trend**



**Profile** of FRANCIS BOUYGUES. head of France's

head of France's biggest construction group FRANCIS BOUYGUES is the French equivalent of an Ameri-can busines success story. A robust self-made man, he has transformed his construction company with annual sales of FFr 1m (£93,000) and employ-ing barely 30 regular workers 35 years ago into one of France's biggest private group's with estimated sales of FFr 46bn this year and 49,000 employees on the payroll. 800m by the next two years. Although Screg was on the verge of bankruptcy, Bouygues expects its new subsidiary to irreak even this year and return to the black the following year. In any event, for an ultimete cost of about FFr 500m, Mr Bouygues believes that he bas palled off a good deal with Screg, especially by acquiring what he believes are Screg's strong assets in the road con-stry of Riyedh and the Blabyan bridge in Kuwait. Bouygues is aployees on the payroll. After the recent acquisition empk

of a 51 per cent stake in Screg, France's second largest public works and construction com-pany, the outspoken 63-year-old Mr Bouygues claims he now heads the largest construction group in the world in terms of sales, even larger than Japanese groups like Shimuzi or Taisei or American companies like Bachel or Fluor.

Bechtel or Fluor. Despite the recession in the Despite the recession in the engineering company, Bouygues construction business in France took over SAUR, France's and the decline in large inter- third largest water distribution national public works orders, company, and bought two elec-Bouygues seems to have man- trical companies. More recently, aged to buck the trend in the be teamed up with Mr Bernard

industry by continuing to see its profits grow. Last year they totalled FFr 468m and Mr Bouygues now expects them to sise to about FFr 700m-FFr 800m by the next two years.

After building some of the world's largest construction projects including the Univer-sity of Rivadh and the Bubiyan bridge in Kuwait. Bouyques is now involved in the Channel



Francis Bouygues who claims largest world-wide Sales

Tunnel twin bore fixed link rail project. He campaigned actively Taple, the young French entre-preneur who has been building a business empire by taking over benkrupt companies, in a battery venture. Mr Bouygues' appetites and embiling which metric the for the project as a leading member of the scheme's French consortium France Manche.

Mr Bouygues, who says he is interested in scining any good business opportunity which presents itself, has also been busy diversifying. After acquir-ing a US architecture and and south and the second secon corporate palace, appear to be insuitable. He is now keen to diversify into the deregulated French broadcasting sector and has amounced he is interested in buying a major stake for

After buying control of Soreg and his investment plans in television, Mr Bouygues will still have about FFr 2.8bn in his kitty. Indeed, he is reparted as possibly one of the key players in the imminent privat-isation of state financial and

FFr. 500m in TF-1. France's biggest state television network due to be privatised soon by the conservative government.

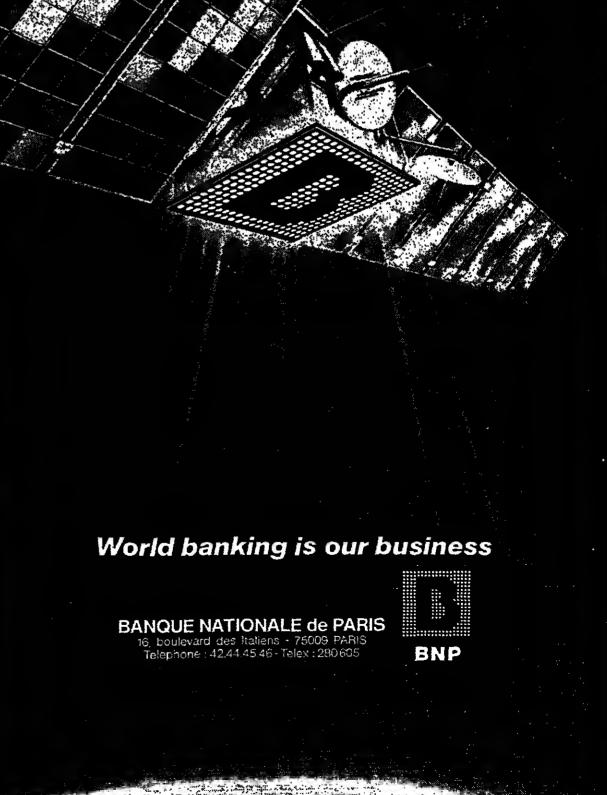
isation of state financial and industrial groups. In the past, he bas already tried and failed to buy a French insurance group, and last year be did not succeed in his efforts to gain control of Framatome, the French nuclear power plant manufacturer. But be says he now has "absolutely no re-grets" that he failed to acquire control of that company. True to his hard-moded bush-

control of that company. True to his hard-nosed busi-ness sense. Mr Bouygues says he will not buy anything at any price. At present he re-gards French Bourse prices exorbitant. "At these prices. I wouldn't buy any nationalised assets to be privatised," he remarks adding that the high asses to be privatised," he remarks, adding that the high price of shares could ultimetely undermine the Government's privatisation plans.

Asked if the shares of his company were also overvalued, he replies with his charao-teristic lack of modesty: "Of course not."

**Paul Betts** 





VI



**Rendez-vous avec la France**!

In the past three years an impressive number of renowned international companies have fallen for Lyon's charms.

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# **Gradual deregulation**

Telecommunications

THE new conservative Government bas opted for a gradual step-by-step approach to telecommunications deregulation, in sharp contrast to its con-troversially swift privatisation and deregulation programme for television broadcasting.

This cantious attitude to the deregulation of the telecom-munications sector is hardly surprising. Over the past 10 years telecommunications in France bave become one of the flagship industries. In many fields, France has taken a technical lead in communica-tions, developing new services like electronic telephone direc-tories, videotex, advanced business communications networks and picture phones, among other systems and new products.

In public switching it has been active in developing and installing digital switches and exporting its technology. Tele-phone services themselves bave

phone services themselves bave erpanded dramatically, with subscribers growing from 2m in 1955 to 23m today. To satisfy the new demand and avoid the risk of certain regions becoming over-equipped, the French telecom-munications authority suc-ceeded last autumn in chang-ing the entire dialing system overnight, a technical feat overnight, a technical feat never before achieved on such scale.

Against this background the new government, which is new government, which is committed to free - market economic and industrial policies, is treading softly to avoid disturbance of such a strategic sector. The first step in deregulation is to open the market to advanced value-added telecommunications ser-vices and metoworks ranging vices from vices and networks ranging from videotext to private business networks to private

business networks to private competition. Already a oumber of major contenders bave positioned themselves to take advantage of the deregulation of this telecommunications sector, with IBM linking up with Paribas and Olivetti (itself closely asso-clated with AT and T) teaming up with the French Suez finan-clal institutions. - But if the market for so-

- But if the market for so-called value-added networks is to be deregulated quickly, Mr Gérard Longuet, Secretary of State for Posts and Telecommu-nications, is giving bimself 18 months to study the deregula-tion of basic telephone services. Meanwhile, a new indepen-deet watchdog agency called the Commission Nationale des

Communications et Libertés and allow other subsidiaries to (CNCL), modelled on the US private communications groups. Federal Communications Com-Indeed, Mr Alain Madelin, the Industry Minister, said recently mission, is to be set up and a be would see no objection to the DGT taking a 10 per cent stake in the joint venture between IBM and the Paribas bill to regulate competition in the telecommunications sector would be drawn up in coming months

bank to offer value-added com-munications services to France. Unlike British Telecom, there are no plans as such to privatise the French telecommunicataking an equally cautious epproach to the opening of the French public telephone switching market to a foreign supplier. For the past year tions authority—the Direction Générale des Télécommunica-tions (DGT), But the DGT will see itself transformed into e state enterprise with a similar statute to that of SNCF (national there have been lengthy nego-trations between the Compagnie Gécérale d'Eléctricité (CGE), the nationalised electronics railways) or Electricité de railways) or Eléctricité de France. This means that it will have to report its accounts like other industrial groups as well as pay conventional business and value-added taxes. So far the DGT bas been a vast empire controlling not only telecommunications services but also responsible for the sup-

the nationalised electronics group which controls the Alcatel telecommunications company and American Tele-phone and Telegraph. The idea is for AT and T to assist CGE in its efforts to penetrate the US market with Alcatel's E-10 digital switch system. In turn, AT and T would gain a 16 per cent share of tha French public switch market by linking up with CGCT, the troubled state tele-communications group for-merly owned by ITT. A government decision on also responsible for the sup-port of the telecommunications industry and the French electronics industry in general. As well as financing the country's electronics programme—the so-called "filière éléctranique"— the DGT also contributed sub-stantial funds to the general

state budget. With the new statute and deregulation all this will change. Responsibility for the telecommunications and elecexpected to ba taken soon, but before doing so it wanted to review the entire dossier and possible alternatives. The deal tronics industry has now shifted to the Industry Ministry, while the DGT will be transformad into an essentially service-oriented concern. is crucial both for the French telecommunications industry and Alcatel's U.S. ambitions as well as for AT and T which, While keeping the DGT firmly

in the state orbit, however, the government intends to give it enough flexibility to shed eventually some of its submarkets. sidiaries to the private sector

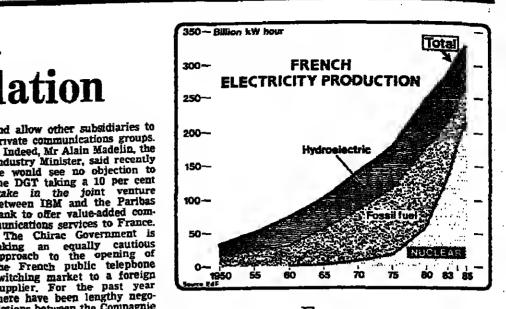
## Broadcasting

# **Privatisation plans** sparks row

MR FRANCOIS LEOTARD, one With TF-1 immediately pri-of the most popular leaders of vatised and the regional FR-3 right and a main the French state network to follow later, the spokesmen for the country's Government has decided to keep new breed of liberal politician new breed of liberal politicians. Antene-2, the second state chan-bas unleashed a major political nel which, unlike TF-1, is profit-controversy with his plans to able, in the public orbit. The deregulate hroadcasting. As communications and cul-have a state channel competing ture minister, in the new govern-against several private channels. Antene-2, the second state chan-

against several private channels. Unlike Britain, the state chanent, Mr. Leotard, who openly nurtures longer-term presiden-tial ambitions, bas also launched nel will be competing-against many more private commercial a bold and spectacular pian to privatise France's oldest and biggest state television network, TF-1.

advertising revenue. The privatisation of TF-1 in The broadcasting industry



## Energy

# Weaker dollar benefits prices

Union, plant decision in France

bave proved possible to carry out over long lead times with relatively little change from original plans.

Because of reduced demand caused by slower growth and energy savings, France has in

fact revised down substantially its earlier estimates of nuclear

energy capacity by 1990. In 1975, for instance, France was

forecasting the installed capa-city by 1990 would be 90,000 MW-65 per cent higher that it

But the revisions have beee much less than those made for the UK, West Germany, Japan

or the US. The US figure, for example, has been revised down-

wards almost fourfold. Presi-dent Mrtterrand, underliging

the degree of predetermination of the French programme, came

Even so, as a result of deci-

French nuclear capacity at

With the already favourable

No.40

Die

companies of French madea

is likely to be.

to

CHEAPER OIL is bringing ae economic windfall for the new right-wing governmeet. But France, with Japan and Italy one of the industrialised coun-A government decision on the CGE-AT and T deal is tries most dependent on foreign energy sources, is banking as much as ever on nuclear power to win its goal of meeting half its energy needs from French resources by 1990. Despite the fall in oil prices

after deregulation and the break-up of the Bell telephone system in the US, bas heen seeking to enter new Western and the Chernobyl disaster, the leitmotif of France energy policy can hardly fail to be any-thing else but nuclear power. Under a policy formulated after the first oil price shock ie 1973, which successive govern-ments of Right and Left have

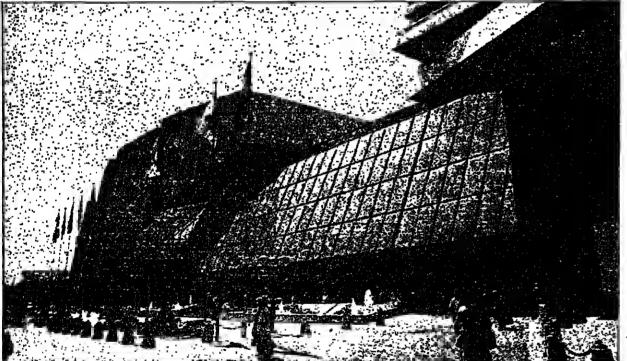
Paul Betts

France 6

ments of Right and Left have put into operatioe with remark-able consistency, the country has built up its nuclear power share of electricity geeeration to 65 per cent, accounting for 25 per cent of the country's total primary energy consump-tion to power in 1981 declaring that he was opposed to the "allnuclear " policy adopted under the preceding administration of President Giscard d'Estaing. France will profit from the weaker dollar and this year's 40 per cent fall in tha dollar price of oil to reduce signifi-cantly this year its bill for energy imports, which last year came to FFr 180bn. This is the main factor bobind the as sions made during the plant-building drive of the 1970s, nuclear power capacity doubled between 1981 and 1985 with 23 the main factor behind the ex-pected return to trade surplus stations brought into full service during those years. this year. Gaz de France, which reduced the end of last year (not all of at in full industrial stvice) com French industrial gas prices by 23 per cent in April, has also been able to renegotiate prices prised 44 power stations, made ... up of four older gas-graphic . reactors, 38 - pressurised-watered reactors and two rapid reactors... on long term gas import con-tracts with Norway, the Nether-lands and the Soviet Union to

bring them into line with lower

oil prices, Prices of gas imports from Algeria, France's main supplier, which made up 27 per cent of sales last year at a price above plants improved still further by channels. It will also be able to continue to fund itself for much better capacity use over the period (rising to 75 per cent last year), nuclear energy out-put last year came to 213bn kWh, more than twice the 103bn kWh generated in 1983 the time being at least with the world level, bave also just been broeght down. The need for a long-term and second only to the US (with 380bn kWh) in the world. policy to reduce France's vulnerability to supply and price fluctuations triggered off Gaz de Following the Chernobyl disaster the confidence of the France's mammoth contract with Norway secured earlier this month. Along with West Germany, Belgium and the Netherlands, France will im-port gas from the Norwegian Troll field in the North Sea Commissariat l'Energie 3 Atomique and Electricite de France in the country's chosen nuclear strategy bas shown bo signs of weakening. It may even have been strengthened. Anti-nuclear pressure groups, from 1993 to 2020 under a deal worth perhaps FFr 200bn for the French shipments alone. The additional supplies from in significant contrast to West Germany and the UK, are small and fragmented and the French The additional supplies from the North Sca will compensate for the steady running down of France's indigenous supplies of natural gas from Lacq, in south-west France during the rest of the century. Home gas output accounted for one-quarter of consumption in 1984, but it will be down to only 10 legal system gives priority to the state rather than the iodi vidual citizen in matters of nuclear contestation. Little is, therefore, likely to delay the bringing into opera-tion of up to 1991-92 of the 17 plants now under construction. A capacity of about 55,000 MW of nuclear power by 1990-compared with 39,000 MW last but it will be down to only 10 to 15 per cent by 1990 as the Lacq output diminishes. Of primary energy consump-tion of 192.6m tonnes of oil year and likely to produce 73 tion of 192.6m tonnes of oll equivalent (TOE) last year, 0.5 per cent up on 1984, oll accounted for 13 per cent, gas 12 per cent, coal 12.5 per cent, electricity 30 per cent and new energy sources (such as solar power) 2 per cent. Taking into account France'a domestic coal and gas output, and tha 19 per cent of elec-tricity generated by bydro-electric stations, home-based resources accounted for 44 per cent of consumption. per cent of French electricity needs-is therefore almost an arithmetical certainty. What is open to doubt is whether Electricite de France can succeed to the exteet required in its efforts to promote lectricity consumption. Con thruing rapid substitution of other fuel resources by electri-city in industry, as well as fur-ther growth in exports will be needed to reach EdFa optima forecast of 400bn kwh of total electricity demand (including exports) by 1990, compared with the 329bn kwh generated in 1995. cept of consumption. This is up from 42 per cent in 1984 and only 22 per cent in 1973, when nuclear power accounted for only 1.8 per cent Significantly, EdF belives that of French primary energy. Although the French mucleon significantly. Edf belives that the chances of boosting exports to neighbouring countries to the targeted 400n kwh by 1990 (from 23bn kwh last year) have been boosted by the Chernohyl disagter. This is because if industry is suffering from a fall in new plant orders to only one in new brant orders to only one 1,300 MW reactor a year, com-pared with the peak of six to eight 900 MW units a year ordered in the 1970s, the fur-ther build-up of nuclear energy to 1990 is aiready programmed. More than in all nuclear power generating countries other than perhaps, the Soviet disaster. This is because increased opposition to nuclear power will slow down or possibly halt plant commissioning much of the rest of Europe.



Acrop

THE "ACROPOLIS" IS NO LONGER IN GREECE

During the past two years the tiourpose Acropolis Cooventioo Center in Nice has been getting as much attention as its namesake in Athens.

Visitors meet in the dazzling Agora entrance hall, marvel at the acoustics in the Apollo auditorium, eat at the Mykonos restaurant. watch movies at the Iris cinemati que, visit trade fairs in the Rhodes exhibit area, listen to speeches in, the Athena and Hermes amphitheaters or huxuriously dine at a gala banquet in Les Muses.

Everyone has been dropping in. appeared in "Samson and Dalila". The Italian Film Festival was held in December and Fiat. Ford and Peugeot have launched new car models on the Apollo's expansive stage. A number of groups represeeting various professional sectors - from dentists and doctors to typograpbers, energy specialists, financial insotutions, computer companies and the duty-free industry - have held seminars, conventions, trade fairs

and expositions The Acropolis is the dream and realization of Nice Mayor Jacques Médecia

"I was tired of convention centers with defects - poor sound systems, dreary corridors, lousy food, uocomfortable seats - and wanted to create a professional and weioming environment", explains

Médecin, who has been mayor of Nice for over twenty years.

siness visitors require exc tional facilities featuring state-ofthe-art technology", says the mayor, while looking onto the colourful city from an Acropolis terrace. "And Telecor when they're done working in a pleasant environment they can better enjoy all the other offerings of

the Riviera." Indeed, there is much more here ACROPOLIS? than just excellent conference facili

Nice, while picturesque in itself. puts you in the midst of pleasant thes, innovative chefs, charming villages, challenging casinos and Harry Belafonic sang here in numerous golf courses and tennis March while Placido Domingo courts. The Sophia Antipolis high technology park is no more than a

thirty minute drive. That's because there's on problem getting in or out of the Acropohs. The international airport, the train station and the autoroute are just a few minutes away. Parking and hotels in various price ranges are within easy walking distance. The Acropolis has some importent people coming, UNICEF gala evening with 2,500 guests, the

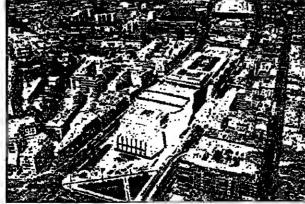
Computer Trade Fair and Software Business Conference (COMDEX). In August, the famous skating show Holiday on Ice followed by the Swift International Banking Operations

seminar bringing 1,000 participants to town in September. The first Mediterranean Medical Week is expected in attract 1,600 persons in

October. Further down the road, municipai engineers from a number of

cities worldwide have chosen the It's here to make YOUR but better. Its facilities are extremel olis as the venue to discuss The City of the 21st Ceotury" flexible and can be adapted to YOUR specific requin in 1988 and the International highly competent staff will do whations Unioo has booked the center for six weeks in tever it takes to stage the event, conon YOU have in ference or expo ISN'T IT TIME YOU mind. For further information FINALLY VISITED THE please contact the international

ents. Its





1 Esplanade Kennedy, 06058 Nice, France. Telephone: 93 92 83 00. Telex: 970 851.

time a major country has sold off a state channel. It is also likely to serve as a model, and test the ground for other privatisations in the banking and industrial sector. And it will be followed at length by the reform and eventual privatisation of another state television network, the regional channel FR-3.

The left-wing opposition, television journalists and large numbers of viewers have already expressed their alarm at the speed and scale of the new government's broadcasting re-forms, But Mr Léotard has also considerable public and politi-cal backing, and bas so far done an eloqunt job of defending his deregulation and privatisation programm

Although the previous Socialist government had already begun the process of broadcast-ing deregulation, Mr Léotard intends to take it much further, as well as changing some key decisions taken by the former left-wing administration.

The Socialist government had opened television broadcasting in France to private commercial channels and, before the legislative elections that It lost in March, granted concessions to private groups. These will allow them to operate channels on France's direct broadcasting on rrance s direct producasting satellite which was dua to be launched this year but has now been postponed till next. The Socialists provoked a major political row when they decided to grant the conces-cion to operate France's first

sion to operate France's first nationwide private commercial television channel --- tha socalled Fifth Channel - to a group including Mr Jerome Sey-doux, chairman of the large Chargeurs transport group, and Mr Silvio Berlusconi, the Italian television entrepreneur. The new government now plans to revoke the concession to Mr Berlusconi and Mr Seydoux as well as that granted for chan-nels oe the TDF direct broad-casting television satellites.

The se private channels are in be offered up again for new bids from investors. Bidding has already started behind the scenes for TF-1. But the Government does not want a single group of powerful private investors to take full control of the large state television

channel. Mr Leotard has disclosed that the Government will offer 50 per ceet of the shares in the privatised channel to its new operator and main investors, with 40 per cent being offered to the public and 10 per cent to employees of the channel. Moreover, the eventual operator of the channel will have to give guarantees of quality and support for French made pro-

will also be regulated by a ne communications commission called Commission Nationale des Communications et Libertes (CNCL), which will replace the existing French broadcasting High Authority and whose powers will also extend into the telecommunications sector. Mr Leotard claims the new.

more powerful, commission will be far more politically indepen-dent than the previous High Authority. Its task will be to watch over programming stand-ards, grant airwave concessions, and to regulate the growing cable and satellite television markets, among other functions. Already a number of major private investors have

announced their intention to bid for TF-1 or develop their presence in the new French private talevision broadcasting market. Although currently in the red. TF-1 is regarded as an attrac-TF-1 is regarded as an attrac-tive and powerful network to control. Estimates of the cost of acquiring the chain range between FFr 2.5bn and FFr 3bn.

Among the main candidates to take over the state channel to take over the state channel is the group of Robert Harsant, the French right-wing press baron who owns the daily news-paper. Le Figaro: the Hachetta publishing group (which recently took control of the Furner 1 bergdeseting com-Europe 1 broadcasting company); the Moet-Hennessy champagne and cognac group; Sir James Goldsmith; Mr Bernard Tapie, the French entrepreneur; as well as Mr Seydoux and his Italian partner Mr Berlusconi.

The Luxembourg-based broadcasting group Compagnie Lux-embourgeoise de Telediffusion (CLT) also has ambitinus designs on the French broadcasting scene.

The intense manoeuvring major private investors, coupled with the extremely fierce and vocal controversy caused by the broadcasting reforms, reflect the unusually high level of public and political interest provoked

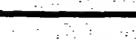
by television broadcasting in France. A strike of the state networks followed the announcement of the privatisation of TF-1; and Mr Jacques Chirac, the Prime Minister, further fuelled the row by questioning television journalists' impartiality and eccusing them of distorting the actions undertaken by the Government.

Mr Léotard has sought to calm the passions raised by the deregulation programme. But the communications and culture minister will need to exert all his considerable charm and powers of persuasion to prevent the television debate degenerating into a major political confrontation and possible embarrassment for the Govern ment.

Paul Betts

David Marsh

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# The honeymoon is over

Agriculture

Tuesday Auto Table

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RODUCTION

TEDT : minister himself. But few would have believed that be would go as far as giving Mr Francois Guillaume, the leader of the powerful Franch farmers union FNSEA, the agriculture port-folio in his right-wing govern-÷ • • •

The appointment of the tough The appointment of the tough and intransigent union leader was one of the biggest surprises in the new administration. It imediately sent shudders down the spines of officials in Brussels used to the hardline, and at times spectacular, tactics of Mr Guillauma r dollar

Sprices Spr

But Mr Guillaume, who made life extremely difficult for former Socialist agriculture ministers in France, is already beginning to find life on the other side of the fence complex. His appointment was an obvious political move by Mr Chirac to try to win over the powerful farming community, and to prevent any tensions from the farming sector complicating further his difficult political balancing act of cohabiting with President Francois Mitterrand.

Mr Guillaume, in his cus-tomary style, rushed into action from the very start. He was among the first new ministers to hold a press conference and to reassure the farming comto reason the Government mises within improvements in would introduce measures to sions, further improvements in support farmers. Within a week loan terms, and the lowering of taking office, he was in of social charges for fruit and Brussels defending French vegetable growers. But Mr Guillaume has found the word at large farm-industry

interests. The initial results seemed the mood at large farm-industry promising. Mr Guillaume sug-gested that the Government While farmers have clearly would support French farmers welcomed his appointment, they with several billion francs of fresh aid. At the same time, the to deliver the goods. But the devaluation of the franc in the minister has been caught with European Monetary System the inevitable budgetary con-currency realignment in April strains of the former, and was seen as helping Mr Guil-taume, in his efforts to raise its weight in the French, eco-domestic farm prices.

MR JACQUES CHIRAC, the French conservative Prime Min-ister, promised during the elec-tion campaign that he would "revalue the role" of the Ministry of Agriculture in France. He is a former agriculture minister himself. But few would the traditional controvers over gramme and the change in Currency realignment revived and banking privatization pro-the traditional controvers, over gramme and the change in monetary compensatory amounts (MCAs). France, and Mr Guillaume especially, have long Mr Guillaume has also bad to tackle two ofter controversies of this system which offsets the wave of takeovers and the grow-

advantages of a currency devaluation for a country's food exports. Moreover, the MCA system Moreover, the MCA system business is increasingly worry-hits French cereal and milk ing the Government. The producers, who were largely thrust of the new foreign in-responsible last year, together vestment wave has come from with wine-growers, for the 22 Ibaly. per cent rise in the French food industry trade surplus of FFr 31.1bn, compared with a surplus of FFr 25.4bn in 1984. Buitoni, has been at the fore-fore foreign invest-Cereal producers are also among farming estegories that have seen their incomes fall more sharply than other sectors, with an income decline of 19.5 per cent last year. Wine-growers, in contrast, saw their income the by 20 per cent But

Mr Guillaume has said that more aid would be made available at the end of this year and

able at the end of this year and next year. So far, the Government has reduced interest rates for sub-sidised loans to farmers, by sidised loans to farmers, by two points for young farmers and by about 1 per cent for other categories. At the same time, it has lowered the value added tax on farm fuels. But the farmers claim the VAT measure is largely symbolic and does not go very far in prac-tice.

tice. The Government has also announced a further FFr 400m in aid to help the restructuring in the milk sector, in the light of the general milk reduction programme. It has also pro-mised to improve farmers' pen-sions, further: improvements in heap terms and the location tice.

wave of takeovers and the grow-ing interest of foreign investors in the French food products business is increasingly worry-

Buitoni, has been at the fore-front of these foreign invest-ment moves. Apart from seek-ing to take control of Valeo, the leading French car equipment company, he has just acquired 70 per cent of Davigel, the lead-ing French frosen fish dis-tributor, as part of his efforts to expand Bultani's businesses in France.

in France. At the same time, the Italian

At the same time, the Italian The other controversy involve banking group. Mr Huchon, one Ferruzzi agribusiness con-ing Mr Guillsume even more of the closest aides of Mr glomerate, has increased its directly is the future of Credit Michel Rocard, the former stake to 50 per cent in Beghin- Agricole, the French farmers' Socialist agriculture minister, Say, France's biggest sugar cooperative bank, which is one was widely aspected to be one group. For its part, BSN, of the world's largest banks. It of the first state bankers to be France's biggest food group, has been earmarked for the first replaced by the new govern-has just absorbed Generale major reshuffle by the Govern- ment. Biscuit, the biscuit maker, in a ment at the top of a big state-

merger many regard as a defen-sive move against an eventual trial institution. foreign raid on BSN. Lesteur, The Government has replaced the edible oil group, is also now Mr Jean-Paul Huchon, the chief regarded as vulnerable to take executive of the Caisse right's privatisation programme. over. All these manoeuvers Nationale de Credit Agricole, But the farmers have already have clearly unsettled the food the bank's central organisation industry, and are causing con- with Mr Bernard Auberger, a privatisation of the cooperacern over French national director of Societe Generale. cern over French national director of societe Generale, interests to the authorities. the large state-held commercial The other controversy involv- banking group. Mr Huchon, one ing Mr Guillsume even more of the closest aides of Mr directly is the future of Credit Michel Rocard, the former

Winegrowers, in contrast to cereal and milk producers. saw their income rise by 30 per cent last year

## Food Industry

France 7

# Aggressive chase for acquisitions

THE TAKEOVER battles that acquisitions. have been raging in the US and BSN described the takeover British food industries have now as a natural complement to its as a natural complement to its own biscuit activities. But the British rood industries have now begun to show np some of the weaknesses of the French food acctor. Though the country's second largest earner of foreign enchange after the car industry, the French food industry is made up of companies which industrial logic for the move is less clear than BSN's need to increase its size so as to make the group theif less vulnerable to outside takeover bids. With Générale Biscuit's FFr

made up of companies which with Generale Biscuit's FFT are too small by international 7bm (£851m) of sales, BSN will standards and which are thus now have a turnover of FFr vulnerable to takeover bids. 35bn: This makes it a giant in The recent acquisition by French terms, as Source Per-BSN, France's largest food and rier, the number two in the drinks group, of Générale Bis-industry in terms of sales with this unit manufacturer and third cheese, has a turnover of only in the world, is the first step in the world, is the first step from the seems likely to be a growing concentration within take on Mr Carlo Benedetti the French food secture. At the whose Italian-hased food group same time it could pave the centred around Buitoni, the way for more aggressive moves pasta manufacturer, is making in BSN - to enlarge their market market.

"share abroad "through "further " The move towards increased

concentration was foreseen by Mr Claude-Noel Martin, the former chairman of Générale Biscuit who has now withdrawn from the group. He argued for a type of federal link np be-tween European hiscuit manu-facturers that would give them the power to finance the increas-ingly heavy costs of research and of establishing world wide brand names.

brand names. In this race Perrier, for instance, can afford only to spend in recent years as a result of about \$12m a year on marketing the Government's clampdown

wards further concentration.

Some of the leaders of the

At the same time, the squeeze on living standards in France

about \$12m a year on marketing the Government's clampdown in the US--its new favoured on wages, has put pressure on mineral water as against the company profits. This phase \$40m or more being speat by may be coming to an end--the major US groups on each though Lesieur, the edible oils soft drinks brand names. group and Olida Caby, the But other pressures, spart charcuterie concern, are still from fear of hostile takeovers complexing of a down turn in and rapidly growing research the market-with BSN expect-and marketing costs, are push-ing French groups towards for. This year.

David Housego

# Venture Capital Small is beautiful

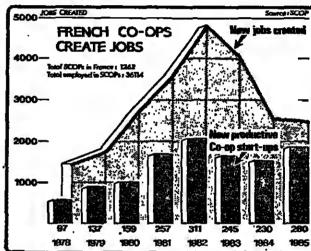
THE CHIRAC administration also pressing for fiscal treat-faces the task, familiar to all ment for employees putting incoming governments in together management buy-outs France, of winning the hearts of the small business commun-ity. A consensus now rules that, whatever the power and scope of large French companies, it is the small ones that from now on will be creating jobs. Under rules introduced in

is the small ones that from now on will be creating jobs. The industry ministry is studying a range of proposals to try to boost business creation by giving easier fiscal treatment to entrepreneurs, following on from policies brought in by the Socialists. A more favourable climate for setting up commanies is constructed in July 1984, easier tax treatment for managers taking part in the huy-out, is granted only if the pany is acquired by existing employees. According to Mit

A more favourable climate for setting up companies is partly due to the economic difficulties of larger groups where managers and research-ers now face a less comfortable life than in the past. The over-all pace of business creation bas accelerated in the last two years after a drop in activity between 1981 and 1983. There is some dispute over

But the farmers have already expressed misgivings about privatisation of the co-opera-tive banking group—and the impact this may have on their business. The issue will be yet another test of Mr Guillsume's skills in persuading the farm-ing community that, although no longer their union leader, he is still ecting in their best interests. 1881 and 1883. There is some dispute over the significance of the figures, as many new companies dis-appear in their first two years and development capital into without formally declaring small and medium companies, liquidation. But the Credit including those involved in d'Equipement des Petites et high-technology areas. d'Equipement des Petites et high-téchnology areas. Moyennes Entreprises, the The French Venture Capital small and medium business Investors Association (AFIC) financing agency, records that now estimates that its 40 mem-abont 103,000 companies were bers manage funds of FFr 4bn set up last year, 17 per cent ready for investment, of which more than in 1884. Business FFr 1.9bn has been placed. failures increased hy 7 per cent Last year, FFr 600m was in-**Paul Betts** 

to 26.000. Among the new measures being considered hy Mr Alain Madelin, the Industry Minister, include extension of tax breaks already given to newly created companies under legislation brought in by the Socialist Government. Financial organisations are



majority of a bought-out com-pany is acquired by existing employees. According to Mr Michel Biegela, head of the French arm of Investors in Industry, this condition, together with the bureaucrathe way that the finance ministry vets buy-outs before deciding tax exemptions, is holding up the number of deals being carried out.

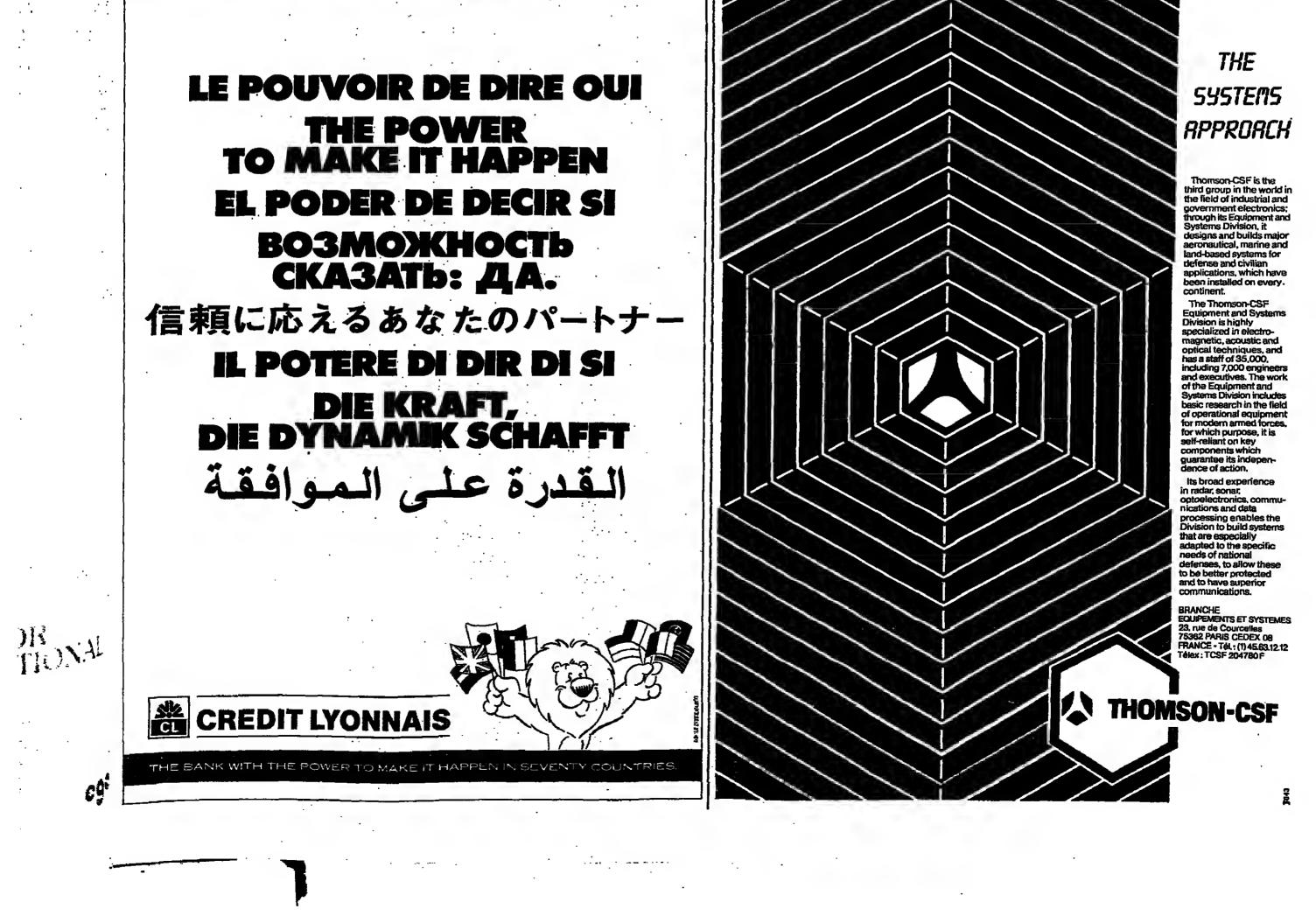
carried out. Another area of government

vested, benefiting 200 com-panies, AFIC estimates. A cloud passed over the French venture capital scene in May when Tigre, a high flying image pro-cessing company which had attracted FFr 30mm in capital, when into receivership.

**David Marsh** 



VII



# France 8

# Banking Hour of reckoning

VIII

As the Chirac government France draws up its plans for progressefficient sive sales of nationalised bank- capable of ing stakes to private investors, the statistics underline the efforts which banks preparing to be shorn of state backing will have to make to hold their own on the world stage in

coming years. According to the London-based IBCA banking research group, French banks' average equity/assets ratios - even though improved during the past year — is the lowest among banks in the main 12 industrialised countries.

The capital/assets ratio of the Big Three French banks — Banque Nationate de Paris, Credit Lyomais and Societe Generale — averaged 1.75 per cent last year, according to The Banker macrine This com-Banker magazine. This com-pares with 3.2 per cent for Deutsche Bank, Dresdner Bank Commerzbank of West Germany.

Germany. BNP's pre-tax profits last year were balf Deutsche Bank's — even though BNP employs 59,000 people, 10,000 more than which they were acquired four years ago. Deutsche

French banks have the most widely-spread world networks after the US institutions, level pegging with British banks. The statistics are worth quoting because they show the extent to which French institutions have been generally protected from having to make harsb decisions during two decades of hectic growth at bome and abroad.

The Socialist Government'a arrives. nationalisation of 36 banks and the Paribas and Suez financial groups (adding to the Big Three institutions nationalised by General de Gaulle's post war government in 1945) was no doubt an overdone move responding to 1960s ideologies rather than 1980s realities. The state takeovers, with their drawbacks and dashed

to make up for the banks' general international undercapitalisation. On the profits side, banks

FRENCH BANKS are starkly expectations which became bave benefited clearly from con-aware of their relative vulner-ability in an increasingly com-petitive international environ-ment. As the Chirac government draws un its plays for moment as the chirac government effect. As the Chirac government and a highly useful rates during 1985. Additional factors have been the effects of the over-valued dollar in boosting overseas earnings, and afficient inductrial power of boosting consisted complexity from con-tinuing high French interest factors have been the effects of the over-valued dollar in boosting overseas earnings, and afficient inductrial power of boosting consisted complexity from con-tinuing high French interest factors have been the effects of boosting consisted complexity form con-tinuing high French interest factors have been the effects of boosting consisted complexity form con-tinuing high French interest factors have been the effects of boosting constant market com-

industrial power of booming capital market concapable of raising large foreign loans at competitive margins (very useful to plug the balance of payments deficits of choice but to strengthen ch

Credit Lyonnais 18 per cent, Societé Génerale 41 per cent, Banque Indosuez and Credit rather than weaken the back-bone of the banking system. bone of the banking system. A number of long overdue reforms were subsequently carried out by the Socialists which would have to be put into action anyway. These include the balling out at public expense of loss-making banks led by the Vernes and Rothschild institutions, whose former shareholders were in-demnified on grotesquely Commercial de France 12 per cent. The Paribas and Suez groups chalked up increases of 29 per cent and 46 per cent respectively.

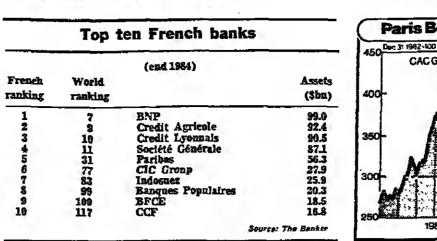
There are several reasons for thinking the going for banks will now be rougher as privatisation approaches. In order to offset the beavy cost of cheque demnified on grotesquely favourable terms. clearance, they have persuaded the administration—after years of lohbying—of the need to bring in tariff charges for cheque accounts. These are The nationalisations also give the right-wing Government the chance of making large capital gains for taxpayers by profiting from the general increase in stock exchange prices since 1982. The Paribas and Suez likely to be introduced before the end of the year, with Credit Agricote already announcing its plans to introduce charges in groups for instance are now worth four times the price for July. On the debit side, the fall in

money market interest rates which has accompanied disin-flation is starting to pose severe Efforts msde by big French banks since 1983-84 to bolster banks since 1983-84 to bolster their capital resources and improve profitability have already started to bear fruit. Starting with the then inno-vative issue by Société Générale in 1984 of non-voting pre-ference sbares, almost all the large banks by now have used this means to raise equity capi-tal without diluting the state's control of voting shares. The biggest issues by Snez problems for the structure of the largest retail banks. An estimated 7 to 8 per cent of their total deposits is spent on running their large retail networks. In part, this has been because France bas had—and Progressive deregulation on the financial markets reflecting still has

a mixture of intellectual contagion and competitive pressures from New York and London-will also tend to lower margins control of voting shares. The biggest issues by Snez, Paribas, Banque Nationale de Paris and Crédit Lyonnais bave all come this year in implicit or explicit preparation for denationalisation. The latter two issues—FFr 5.3bn for BNP and FFr 4.3bn for Crédit Lyonnais (the two largest-ever Paris emplity-raising exercises) for those banks which have not carved out finely baned specialist niches. As the banks make further

efforts to increase productivity through large investments in electronics and cashless banking technology, accelerated cutbscks in traditionally pro-tected bank staff will be un-avoidable in coming years. Paris equity-raising exercises) --bave involved non-preferred shares which will be easier to turn into full voting capital Denationalisation now re-quires that the banks make

ing techniques, Allied to the growing sophistication of corwhen the time for privatisation significant further strides in profitability to attract private buyers, whether this earnings improvement comes through a Banks have also heen allowed by the Socialists to and were by the socialist to continue stocking up provisions on doubtful debts at bome and abroad, both to compen-sate for an increased level of risks during the 1980s and also to make up for the banks' age much blgher volumes of debt has been an important factor behind innovation. tightening up of banks' internal management, or from an externally-derived boost to margins caused by higher inflation and a brake on deregulation, is an intriguing question.



## **Financial Services**

#### New funding techniques the farmers' co-operative which

FRANCE'S long-sommoleot and also started to see a growing five year privatisation pro-over-regulated financial markets trend towards bostile takeover gramme. are facing up to a period of bids—even though such deals unprecedented change and com-petition sparked off by events New York or London standards. both inside and outside the During the period from their portfolio and foreign country

more ground to make

The previous Socialist

country's capital markets

Government relatively quickly

recognised that the weakness of

was a factor contributing to the lack of financial muscle of the

corporate sector, and to the competitive deficiencies on the

Furthermore, the French Treasury under the socialist administration itself crested a pressing need to adopt and foster more sophisticated fund-

economy as a whole.

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both inside and outside the country. An explosion of new funding Instruments and techniques, Coalescence of market sectors clation inder, rose nearly four-

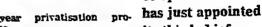
Paris has probably shown up of a, so far, bugely success-more flexibility and imagination ful "second marché" or than either Frankfurt or unlisted market to allow small in adapting to the challenge of world-wide derection float shares on the bourse, legislation allowing national-ised companies and banks to issue non-voting shares and loan stock; a financial futures market; and the introduction

of certificates of deposit and commercial paper, the latter five months before the equiva-lent London market started.

The bourse in March started a morning trading seasion to accommodate greatly increased demand to deal in the most important stocks.

The market can still be notoriously thin, and prices in the Palais Brongniart are still registered in chalk. (As a sign that things are moving, orange chalk has been introduced to mark the closing prices of the morning trading). But, several growing sophistication or cor-porate treasurers and fund mark the closing prices or use managers, the Government's morning trading). But, several requirement to issue and man. years after the idea was first requirement to issue and man. age much bigher volumes of considered, computerised deal-ing is planned to be started on the been an important or constituental basis later this an experimental basis later this summer.

boost to margins The welter of structural summer. igher inflation and charge has coincided, happily The new right-wing Govern-uestion. The period of booming share ment is now preparing an prices, falling interest rates enormous test for the absorptive and sharply rising trading qualities of the equity market votume. The Paris bourse has in the shape of its ambitious



Paris Bourse

CAC Genera

1986

its third chief executive in 18 mouths ste treasurers and investment institutions greater freedom in their portfotio and foreign exchange decisions with the substantial liberalisation of foreign exchange controls put into place last month.

Combined with the ending. for the time being, of the down-ward trend in interest rates, uncertainties over the way co-habitation is working between Messrs Mitterrand and Chirac, and a flood of non-voting issues from nationalised enterprises,

all these factors produce a new set of variables for the markets to chew over. The frisson which went through the equity and bond markets at the end of May and the beginning of June-over the three weeks to June 6 the CAC index fell by 18 per cent may prove to have been simply a temporary setback or a sign of entry into more permanentiy when he was Agriculture Minister in government. Mr Huchon's Socialist leanings had singled him out for reof entry into more permanently troubled waters.

If it is the former, the French markets will simply have gone through a necessary correction in their somewhat helter-skelter

growing up phase. If, on the other hand, the unsettled period lasts longer than a few weeks, question marks may arise over whether the markets need a longer pause to digest the new burdens they are being asked to bear. In particular, the Government might bave to lower its sights by accepting a somewhat less

rapid than planned privatisa-tion schedule to avoid the danger of further strains in coming months. **D.** M.

# Uncertainty on future role

should not result in financial disadvantage for farmers. ANT-Mr Francois Guillaume, the Mr Francois Guillaume, the Agriculture asinister, who has his eye on some of the large capital resources backing up Crédit Agricole, has already spoken in favour of privatisa-tion of the bank. The instituagit. tion is not nationalised like the other big banking groups. Removing the state's role boils down to turning the CNCA into a mutualist association owned by the group's network of regional banks and no longer subject to political decision making by the Government.

i ilit

This reform, under which part of the bank's capital resources could be siphoned of through the Government in aid for the farming community, would lower Credit Agricole's would lower Credit Agricole's impressive capital resources, which now total FFr 38.4bn. It would thus be put in a fairer position to compete with other French banks, which have long complained of the favours given to Crédit Agricole due to its privileged position as a distributor of sub-sidised credit to farmers sidised credit to farmers.

The move might also cause it to lose its Triple A rating on Wall Street, where it and Paribas are the only French banks to benefit from the top

earning power of the CNCA and the relatively shaky per formance of the regions

before leaving was to announce that Crédit Agricole would be trying to boost its earning capacity by bringing in service charges for cheque accounts, planned to vary from FFr 60 to FFr 120 per year, from July.

had singled him out for re-moval by the new right-wing government, which exercises control over CNCA through the double tutelage of the Finance and Agriculture Ministries. It remains to be seen whether Mr Auberger brings with him a new team to shake-up again the administrative structure of the bank, which saw the entry of several former saw the entry of several former ings of foreign offices in the leading officials in the Socialist past two years, it is new government a few months after present in 16 countries through Mr Huchon was nominated in branches, representative offices January 1985. or participations, Mr Auberger will have to A Frankfurt subsidiary is to

be opened in October with a Madrid branch planned for cent steer a delicate passage between the right's policy of phasing out the state's role in the year and a branch in Switzer land now under study. Crédit Agricole áffairs and the demands of the agricultural community that this reform

D. M.



**AIR FRANCE TO FRANCE:** WE'LL FITYOUR EVERY NEED.



CREDIT AGRICOLE the giant French farmers' co-operative bank, now has its third chief

Profile of

CREDIT AGRICOLE,

executive in 18 months, just as it is flying into the eye of a storm over its future role on the French financial scene. Early this month Mr Bernard

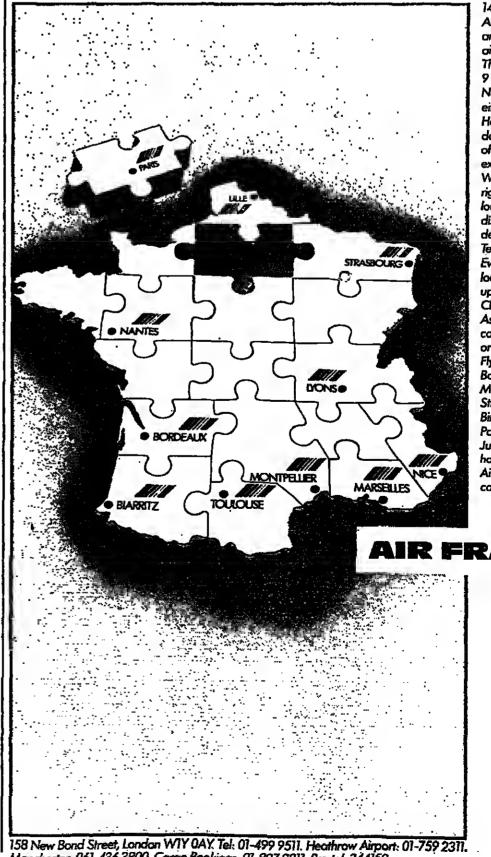
the

Early this month for Bernard Auberger, formerly a director at Société Générale, the third largest nationalised bank, was appointed managing director of the bank's central organisation,

rating. The disparity between the the Caisse Nationale de Crédit Agricole (CNCA). He replaces Mr Jean-Paul Hucbon, formerly chief aide to Mr Michel Rocard

underlined by results for last year, when the overall group net profit rose only by 6 per cent to FFr 1.3bn. One of Mr Huchon's last acts Socialist

plans. After accelerated open ings of foreign offices in the



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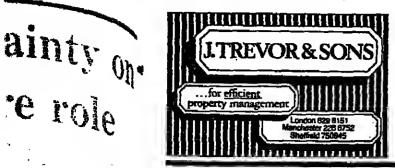
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# **SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES**



launched yesterday for a nominal Sch 100m and will be on offer until

June 30. This is primarily intended

for the domestic market, although foreign investors may buy the certi-

ficates, a bank spokesman said. The

offer is for 200,000 certificates with

a nominal price of Sch 500 each to be sold at Sch 1,375 per certificate

Dr Androsch said that in view of

"very strong" interest abroad in the

certificates, the bank was consider-ing making another issue of be-tween Sch 200m and Sch 300m in

In addition, the bank will issue

ordinary shares with a nominal value of Scb 300m in 1987 and in 1988.

The shares are expected to trade at

over 200 per cent of their nomical value and the bank hopes that it will raise at least Sch 600m in each

to raise Sch 275m

the autumn.

## Tuesday June 17 1986

## **US flight Coke to buy back BCI** booking bottling unit for \$1bn dispute BY TERRY BYLAND IN NEW YORK

# erupts

#### By William Hall in New York

THE long-festering dispute be-tween major US airlines about the use of computer reservation sys-tems has broken out again. Delta Airlines yesterday accused its arch rival An erican Airlines, of siphoning off millions of revenues from other airlines through the use of its Sabre computerised reservation system Atlanta-based Delta Airlines yes-

terday filed a complaint with the Department of Transportation seeking an immediate investigation into what it termed American's "lat-est scheme to bias the display of its est scheme to bras the display of its flights" in its Sabre computerised reservation system for travel agents. Sabre is the largest system of its kind in the industry and provides information about virtually every flight. The manner in which the information is displayed in Sa-bre has an important impact on airline bookings.

Delta, in commoo with several other airlines, is worried thet Sabre works in favour of American Airlines' own business. Delta request-ed the Department of Transporta-tion to assess "substantial civil penalties" against American. It also asked the DoT to direct American to retain all records relating to the bias scheme

"American's Sabre bias scheme began before the ink was dry on government rules adopted in 1984 which outlawed such practices Tor an "inercusable" breach of its listing agreement earlier this year and has withdrawn its threat to take legal action. Only 2½ weeks ago Mr Pehr Gyll-enhammar, .Volvo chairmen says Delta. The rules were adopted after a comprehensive investigation of competitive abuses by the owners of the larger computerised reservations systems (CRS) including Sabre.

American's current practices continue "the very injuries to competi-tioo and consumers that were found to be the direct result of over CRS display bias," Delta alleged yesterday.

Sharp upturn for Bang and Olufsen By Hilary Barnes in Copenhagen

COCA-COLA, the Atlanta-based which between them account for 72 hottling interests might be sold off, per cent of Coke's bottle and can op-although both Coca-Cola and BCI soft drinks group, yesterday dis-closed significant developments in its relationships with two of its top three US franchised bottling operaerations.

its relationships with two of its top three US franchised bottling opera-tors. In a move to forestall any other prospective purchaser, Coca-Cola plans to pay about \$1 he to buy in its bottling franchises from BCI Hold ings, the companies in a \$5.2 he keveraged buyout earlier this year. Coca-Cola last been actively pur-suing a policy of restructuring its bottling operations and babed Co-ca-Cola Bottling of New York to re-tire from public and into private bottler acquisitions "remain an op-tion," the group said, although there are oo similar privatisation plans in the pipeline. The BCI bottling oper-ations, ranging through California, Arizona, Nehraska, Kansas, Iowa and Canada, were the most profi-Coca-Cola has been actively pur-

JTL, a private company which is the largest of its bottler franchi-sees, have been "amicably disconand Canada, were the most profitable segment of the former Bea-trice businesses, with turnover be-lieved to be around \$1.1bn and proftinued." JTL will remain a freeits \$100m. Coca-Cola commented that the standing company composed of pro-perties owned by Coca-Cola, follow-ing the decision of some family proposed deal with BCI was in line

members to keep the company inwith its policy that bottling opera-tions should be in the hands of The BCI deal, when completed, strong, aggressive owners with will leave JTL and Coca-Cola Both-high growth targets. The leveraged buyont of Beatrice the 250 franchised Coke bottlers, had raised the possibility that the

action over stock market fine

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, the Swedish automotive, energy and food group, has decided to pay the fine imposed on it by the Swedish stock exchange authorities for an "inercusable" breach of its

enhammar, Volvo chairman, met for its failure to keep the stock ex-the announcement of the authori- change properly informed about its

ties' disciplinary measures with an planned co-operation deal with Fer-emotional outburst in which he ac-menta, the Swedish biotechnology

emotional duburst in which he ac-cused Mr Bengt Ryden, the bead of the stock exchange, of being "med-dlesome." He threatened unspecifi-ed counter-measures and said that Volvo was on a "collision course" rounding its chief shareholder and the stock exchange.

denied knowledge of any rival offer. "When we looked for a strong, alternative owner, it turned out to be us," said Coca-Cola.

BCI Holdings was created by Kohlberg, Kravis Roberts, the spe-cialist leveraged buyout firm which organised the acquisition of Bea-trice in April. The proceeds from the sale of the bottling interests will be used by BCI to help pay off in-debtadness incurred during the Beatrice buyout.

BCI dismissed as "strictly rumour press reports that Tropicana, its brand leader fruit juice line was for sale, and said the product had played no part in the discussions with Coca-Cola.

The Coca-Cola/BCI deal remains subject to approval by both boards as well as the statutory waiting periods. Coca-Cola said it will finance the acquisition through debt. Lex, Page 22

Volvo withdraws threat of legal

ing cost reduction." The deal would give Rank a chain of 94 clubs and, said Mr Gifford,

sions of over 20m."

bingo halls gives Rank an estimat ed 17.5 per cent share of the total dmissions market, which reached 120m last year. Other big operators are Mecca, Coral, and Granada,

Rank is also buying Ladbroke's amusement centres which are aimed at housewives and others over age 18 and do not include video

Background, Page 15

Volvo, the flagship of Swedish in-dustry, clearly felt that its pride was burt by the stock exchange's

original judgment and the way in which its name was so closely Swedish Banking Inspectorate - In its letter to the banking inspect linked to the much stronger parallel the body which supervises the stock torate Volvo said that the grounds reprimands of Fermenta.

given by the stock exchange to jus-tify the fine were unconvincing and

that the bourse did not have accept-

able reasons for making its judg-

leaks from the stock exchange board made abead of the official re-

Mr Bengt Ryden said yesterday that the slock exchange had takeo

unspecified measures to avoid leaks ip future but be maintained that the

rest of Volvo's criticism was unjusti-

lease of its report

Volvo was also strongly critical of

ment

fied.

**Rank** pays £67m for Ladbroke bingo unit By David Churchill In London

THE RANK Organisation, UK leisure industry group, yesterday be-came the largest licensed bingo ball operator in the UK with the agreed acquisition of rival Ladbroke Group's 38 bingo clubs and 42 yesterday amusement centres in a deal worth 667.5m (\$102.8m).

The move comes ahead of the launch later this week of the first

national bingo game in Britain fol-lowing parliament's easing last year of controls on the game. The national game will involve more than 800 bingo chubs in Brit-ain linked by an ICL computer and will offen a single the pairs of will offer a nightly first prize of £50,000 in an attempt to balt the de-

cline in bingo's popularity in recent years. However, Rank believes it can mprove the performance of the adbroke bingo halls and benefit

from an uppurn io the market prompted by the new game. Mr Michael Gifford, Rank chief executive, said yesterday that bringing the two bingo circuits to-gether would "produce a significant improvement in profitability through both overhead and operat-ing cost reduction "

make it "leading social and bingo club in the UK with annual admis-

The acquisition of Ladbroke's

Ladbrokes shares rose 4p on the day to 350p, while Rank closed at 517p, down 15p on the day.

# Austrian banks forced to boost capital ratios

#### BY PATRICK BLUM IN VIENNA

CREDITANSTALT Bankverein, Austria's largest bank, plans to raise its capital by as much as Sch 20bn (\$1.29bn) in the next 10 years to meet capital ratio requirements under a new banking law, Dr Hannes Androsch, the bank's director general and chief executive, said

The new law, approved last week by the Austrian parliameot, be-comes effective on January 1, 1987. It requires all Austrian banking institutions to raise their capital to 4 per cent of balance sheet totals by 1991 and to 4.5 per cent within the following five years. Its overall objective is to strengthen the capital ase of Austrian banks and to improve their efficiency and profit margins, which are among the low est in the Organisation for Econom c Co-operation and Development

(OECD) group of countries. Dr Androsch said the bank would raise up to Sch 13bn from the domestic and international markets and another Scb 7bn from profits.

The bank will issue ordinary shares and use oew additional instruments to raise the capital. The

# Henkel to buy French soap maker

#### BY DAVID BROWN IN FRANKFURT

HENKEL, the West German chemials concern best known for its washing powders, is negotiating the purchase of Union Generale de Sav-onnerie, the Marseilles-based soap and detergent manufacturer with an annual turnover equivalent to

an annual turnover equivalent to DM 130m (\$59m). Henkel told shareholders it was prepared to spend between DM 200m and DM 300m this year as part of an aggressive, mainly Euro-pean focused acquisitions policy aimed at strengthening its operations. Moreover, it will invest an additional DM 400m in plant and equipment. The Düsseldorf-based group is

optimistic it will achieve better executive said.

Last year, Henkel's worldwide earnings this year (despite a decline in overall turnover) belped by turnover was DM 9.22bn - down 1.3 lower raw materials, productioo per cent due to a largely-completed ratiooalisation programme which sbaved DM 400m off sales. and financial costs as well as some price increases.

Net profits climbed 38 per cent to The rise in operating profits io the first quarter was "not inconsid-DM 176.5m from DM 129.5m on erable," according to Mr Helmut Sihler, managing director. Turn-over declined by 7 per cent in D-Mark terms, although volume ad-a family-owned concern. Henkel vanced by 3 per cent. The group's forecast for this year is slightly better than those of the West German chemicals industry as

a family-owned concern, Henkel raised more than DM 400m in its first public share issue last autumn. by floating 1.5m shares. The group says it has no plans for the mo a whole because it is less dependent to seek a bourse listing outside Ger-on dollar-decominated receipts, an many.

Dr Hannes Androsch - strong foreign interest in participation

certificates

latter will include participation certificates, which are roughly equiva-lent to risk-bearing non-voting shares. They carry a higher distrib-

of the two years from the sbares. Dr Androsch said he expected the bank's business to grow by about 7 ution than ordinary shares but reper cent annually until 1996. He exceive no distribution in the case of pected the bank to sbow higher profits this year and said that its

A first issue of participatioo certidividend would be raised from the

ficates, to test the market, was 10 per cent paid out for 1985.



NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

**APRIL 1986** 



BANG and Olufsen, the Danish hi-fi maker which has been troubled by receot beavy losses, has moved stroogly out of the red for 1985-86. Against a pre-tax deficit of DKr 26m, the group says profits for the year ended May 1966 will total DKr 30m (\$3.66m) when the full accounts are finalised later this year.

The performance represents a return by Bang and Olufsen to its best profit levels. It made a pre-tax return of DKr 29.9m for 1982-83 before a major setback a year later and tumbling into the red for 1284-85. For the second balf of last year

profits "ran way ahead of budget," the company says.

nunications (ATC), a subsidiary of Time Inc is to become a major par-ticipant in Cable Value Network, a new US cable television shopping service

Yesterday Volvo delivered to the El-Sayed.

with the brites.

The company said it would join Tele-Communications; Warner Communications and other cable operators in a joint venture with COMB, the company behind the venture

ATC said it would contribute a subscriber base of about 3.3m households. As an equity partici-pant, it said it received an option to

securities of Eastman Kodak. The agency has downgraded the would be about \$13.5m, based on company's senior debt to Double A the number of Crime Control comfrom Triple A and its subordinated mos shares outstanding. debt to Double A minus from Triple • Commerical Credit, a unit of A. Its AI commercial paper rating is affirmed and a preliminary Double A rating was assigned to a \$450m rule 415 shelf registration. Control Data, the struggling US computer group, has completed the private sale of \$100m in senior debt. The company said the private place-• Crime Control, an Indianapolis-based alarm systems group, has agreed in principle to be acquired by National Guardian of Connecti-tion to through L. F. Rothschild, Unterberg, Towbin. Under the sale, the debt will be registered with the SEC by January

then managing director, Mr Befast

ATC to join US cable TV venture

AMERICAN Television and Com- Standard & Poor's, the US debt \$3.35 for each common share of rating agency, has lowered its rat-ings on about \$700m of outstanding amount of cash for each share. The value of this part of the transaction would be about \$13.5m, based on

#### cut for about \$60m. 1, 1987. When the registration of acquire up to 700,000 shares of COMB stock. The acquisition calls for National curs, the private placement will be-Guardian to issue shares valued at come public, Control Data said.

# Shopping mall group to raise C\$500m

#### BY BERNARD SIMON IN TORONTO

TRIPLE FIVE Corporation, owner of West Edmonton Mall, claimed to be the world's biggest shopping complex, plans to raise C\$500m (US\$382.3m) through a privately placed long-term mortgage secured oy the mail.

The financing is significant not only for its size, but also because it will provide an indication of market confidence in the blend of shopping centre, indoor amusement park and ootel which comprise the mail, on the outskirts of Edmooton, Alberta. An official of McLeod Young

Weir, the Toronto-based securities The weakening Alberta economy, firm which is one of two co-agents which depends heavily on oil and for the placement, described the fi-gas production, and the controver-

a. 27

sial nature of the stall may mean mining the location of any second the financing will be split into mail, several branches. The final stage of West Edmonton nancing as "a large and challenging assignment." Consultants specialising in different facets of the mall's facilities have been engaged to help Triple Five is owned by the four market the financing. Proceeds of the mortgage will be

Ghermezian brothers, Iranian-born entrepreneurs whose family set up used to refinance variable rate bank loans used for construction of the CS850m mail. The paper will be offered mainly to Canadian finan-Montreal 30 years ago. cial institutions, but some US and Japanese investors may participate. The McLeod Young Weir official said marketing would probably take place towards the end of July.

the 826-store Edmonton complex. A site has not yet been chosen, but candidates include Toronto and Niagara Falls, New York. The level of

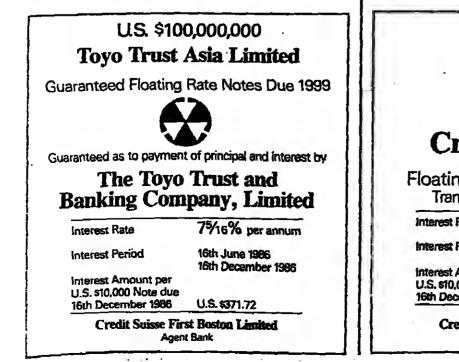
a Persian carpet import business in The brothers are considering building a second mall modelled on

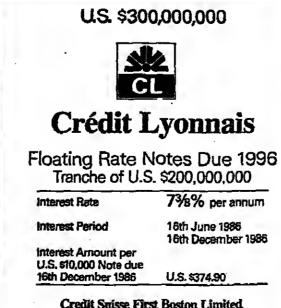
mall's water park, which features six foot high waves for surfing and an critical "sun" for year round tanning, opened six weeks ago. The five-year-old mall bas be come a controversial landmark in a city with a population of less than 600,000. Promoted by its supporters as one of western Canada's leading

Mall, a futuristic Fantasyland Ho-

tel, is due to open in November. The

tourist attractions, the mall is critifinancial incentives provided by cised by some for its impact oo state and provincial governments is property developments in other expected to play a key role in deter- parts of the city.





**Credit Suisse First Boston Limited** Reference Agent

11

## U.S. \$150,000,000



**KB IFIMA N.V.** (Incorporated with limited liability in The Netherlands)

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(Incorporated with limited liability in Belgium)

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Dai-Ichi Kangyo International Limited Mitsubishi Finance International Limited Mitsui Finance International Limited The Nikko Securities Co., (Europe) Ltd. Salomon Brothers International Limited Sumitomo Trust International Limited Taiyo Kobe International Limited **Tokai International Limited** 

Morgan Guaranty Ltd

Bank of Tokyo International Limited. **Bankers Trust International Limited** Berliner Handels- und Frankfurter Bank Crédit Commercial de France **LTCB** International Limited Mitsubishi Trust & Banking Corporation (Europe) S.A. Mitsui Trust Bank (Europe) S.A. Saitama Bank (Europe) S.A. Sanwa International Limited Swiss Bank Corporation International Limited Takugin International Bank (Europe) S.A. S.G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale



# SARAKREEK HOLDING N.V.

Herengracht 595, 1017 CE Amsterdam. Tel: 020-28 36 87

#### The following is a summary of the audited results for the year ended 31st December, 1985.

#### Consolidated Balance Sheet at 31st December 1985

1095	1094		1985	1984
				\$'000
\$ UUU	\$000	Bernald Lab Welson	9000	4 000
293,187	198,703		15,395	5,100
		Current portion of capitalized		
25,500	24,600	lease oblications	31	31
			1.056	1,191
	005 000		9 770	3.447
318,687	223,290		1939	2,712
		The course of a curch 12703	1,000	
		Total current liabilities	26,700	12,481
1.000	-			
		Total Sabilities	335,635	244,338
12,404	5,146			
3,544	13,902			
16,948	19,048	for the year ended 31st December		
				1984
335,635	244,338		\$'000	\$'000
		Property interests		
		Rental and other income		
			39,990	39.257
			1,216	1,075
				-1
164,366	132,431		2 074	1.530
				(23,537
221 532	186.875		(20,401)	123,007
			10 200	-
				(2.818
E7 760	00.003	Property and other tax	(184)	(198
660	4/6	Net income from property		
		interests	17,437	15,309
58,412	29,369	Fees and general expenses	(2,755)	(2,157
		Interest income - bank		
16.465	10.006		421	999
		Exchange adjustments	117	(68
9,875	3,461	Profit before minority interests	15,220	14,083
2,651	2,146	Minority Interests	(1,075)	(1,004
10 526	5 607	Not perfit for the upper	14 145	13,075
(2,320	3,007	ther brought for size Aest.	1.42	101013
	16,948 335,635 57,166 164,366 221,532 57,752 660 58,412 16,465 9,875	\$1000 \$1000 293,187 198,703 25,500 24,600 1,987 318,687 225,290 1,000 12,404 5,146 3,544 13,902 16,948 19,048 335,635 244,338 57,166 54,444 164,366 132,431 221,532 186,875 57,752 26,893 660 476 58,412 29,369 16,465 10,006 9,875 3,461 2,146	\$1000\$1000\$1000293,187198,703Current portion of montgage loans and notes25,50024,600lease obligations-1,987Deferred income Accounts payable and accrued expenses318,687225,290Real estate and other taxes1,000-Total Sabilities1,000-Total Sabilities335,635244,338-Property interests-Bernal and other income from properties-57,16654,444-164,366132,431Idans receivable Property operating expensesS7,75228,893660476S8,41229,369Fees and general expensesInterests income from property interests <tr< td=""><td>\$1000         \$1000         \$1000         \$1000         \$1000           293,187         198,703         Current portion of montgage (aans and notes         15,395           25,500         24,600         lease obligations         31           -         1,987         Accounts payable and accrued expenses         8,279           318,687         225,290         accrued expenses         8,279           318,687         225,290         accrued expenses         8,279           Real estate and other taxes         1,939         Total current liabilities         26,700           1,000         -         Total sabilities         335,635         12,404         5,146           3,544         13,902         Consolidated profit and less account for the year ended 31st December 1985         1985           335,635         244,338         S000         Property interests         1985           335,635         244,338         S000         Property interests         39,990           57,166         54,444         Interest income from properties         39,990           57,752         28,893         Other income from properties         29,990           57,752         28,893         Net income from property interests         (184)           66</td></tr<>	\$1000         \$1000         \$1000         \$1000         \$1000           293,187         198,703         Current portion of montgage (aans and notes         15,395           25,500         24,600         lease obligations         31           -         1,987         Accounts payable and accrued expenses         8,279           318,687         225,290         accrued expenses         8,279           318,687         225,290         accrued expenses         8,279           Real estate and other taxes         1,939         Total current liabilities         26,700           1,000         -         Total sabilities         335,635         12,404         5,146           3,544         13,902         Consolidated profit and less account for the year ended 31st December 1985         1985           335,635         244,338         S000         Property interests         1985           335,635         244,338         S000         Property interests         39,990           57,166         54,444         Interest income from properties         39,990           57,752         28,893         Other income from properties         29,990           57,752         28,893         Net income from property interests         (184)           66

Sarakneek Holding N.V. is an international company which provides institutional and private shareholders with a convenient means of investing in U.S. commercial property. It is incorporated with Emilted Eablity in The Netherlands and its shares are quoted on the Amsterdam, London and Paris Stock Exchanges,

The company invests in income producing properties. The portfolio aims at a geographical spread and is valued at \$318.7 million gross. Offices account for 53.3% of the portfolio's equity value and the remainder is in shopping centres. The most recent acquisition was a 90% stake in Founders Plaza, a 400,000 square foot office park in Hartford, Connecticut, the insurance capital of the U.S.

Even though U.S. office markets suffer from overbuilding, 1985 was an eventful year for your company with net profits progressing by 8,15% and net asset value per share increasing by 15,4% before profit appropriation. Falling Interest rates allowed us for the first time in eight years to refinance one of our properties, i.e. to recoup our initial investment plus an additional sum free of tax without reducing our ownership stake.

Most of our properties are unencumbered. This, and our strong financial position, will stand us in good stead for attractive opportunities likely to arise in forthcoming months.

Copies of the Annual Report together with the full text of the report of the Management Board, may be obtained from the Company's Head Office in Ansterdam.

Management Board

# Setback for Dyno Industrier

#### By Fay Gjester in Oslo

DYNO INDUSTRIER, the Norwe gian chemicals, plastics and explosives group, reports a marked fall in profits from last January to the eod of April, compared with the same period of 1965, despite a rise in turnover to NKr 1.12bn (\$148.5m) from NKr 1.04bn. Profits before extraordinary items dropped to NKr 21m, from NKr 60m, while the figure after extraordinary items was NKr 44m (NKr 62m). The whole-year figure is expected to be lower than in 1985, when it reached NKr 231m. three

The explosives and methanol di-visions yielded poorer results, but other activities showed a steady improvement. The performance of the company's explosive plants in the US was unsatisfactory for a time but is now improving.

Shareholders were this year in vited to take their dividend in the form of new shares. A total of 78 per cent of them opted for that, providing NKr 41.4m of fresh equity.

Norsk Hydro, the Norwegian en-ergy and industrial group, holds a controlling stake of 50.47 per cent in Dyno Industrier.

## **UAE tightens** up on bank loan security

BANKS in the United Arab Emi rates (UAE), burdened with had debts, have been told not to extend any more unsecured loans to cus ers, Revier reports from Abu

Dhabi. Bankers said the order was deliv ered in a circular from Mr Abdul

Malik al-Hamar, the UAE centralbank governor, which said banks should be ready to show document ed proof that new loans were backed by adequate collateral. Bankers estimate that up to a third of the 30bn dirhams (\$8.17bn) in bank loans to the UAE private sector is non-performing, because of a recession brought about by fall-The central bank has been dis

couraging unsecured credits for some time, but bankers estimate that nine tenths of bank lending is unsecured, mainly in the form o overdrafts.

June 1986

Chase refused permission to open bank branch in Bombay

**INTERNATIONAL COMPANIES and FINANCE** 

#### BY R. C. MURTHY IN BOMBAY

CHASE MANHATTAN Bank of the US has been refused permission to which had been waiting more than open a branch in Bombay, in a two years for RBI clearance. move that indicates a hardening of the Indian Government's attitude mitment to India, Chase has been towards the entry of foreign banks. participating in the syndication of The Reserve Bank of India (RBI), commercial loans for the country. the country's central bank, told Chase there was no need for the present" for another US bank in India. Chase has a representative office in Bombay.

There are 19 foreign banks, inchuding three from the US, operat-ing in India with 134 branches. Citi-bank has six branches, Bank of America four and American Express

The above shares were underwritten by the following group of U.S. Underwriters.

Merrill Lynch Capital Markets

ABD Securities Corporation Alex. Brown & Sons - Deutsche Bank Capital

Kidder, Peabody & Co. Lazard Frères & Co. Montgomery Securities

Painettebb

Salomon Brothers Inc

Shearson Lehman Brothers Inc.

Donaldson, Lufkin & Jennette

E. F. Hutton & Company Inc.

Pred

alluche

Banca

Emplanters Securities Corporation

Morgan Stanley & Co.

Bear, Slearns & Co. Inc.

Dillon, Read & Co. Inc. Presel Bornham Lambert

Han

Oppenhe

recht & Quist

mer & Co., inc.

**The First Boston Corporation** 

Goldman, Sachs & Co.

The rejection surprised Chase, modernise Indian industry and the

In order to demonstrate its com-Recently Chase's Belgian subsidiary syndicated a tax-spared loan for India's oil and natural gas commore foreign banks. mission below Libor, the London

Inter-Bank Offered Rate. The setback to Chase has disappointed foreign banks. Many European and Japanese banks are increasingly keen to establish offices only when Indian banks were given in India. A promise by Mr Rajiv Gandhi, the Prime Minister, to banks' country of origin.

CITICORP. the higgest US hanking group, said its tender offer for Quoexpectations of higher foreign bortron Systems, the business informa rowings have heightened the pertion chain, had been successful and ception of potential rewards. that it had purchased a majority of

Quotron's outstanding shares. Mr R. M. Malhotra, RBI gover-Citicorp said that as of June 13. nor, has been quoted as saying that Quotron shareholders had tendered existing foreign banks should con-19.1m shares, about 55 per cent of solidate their business before the Quotron's outstanding shares, in re-Government considers the entry of sponse to its tender offer.

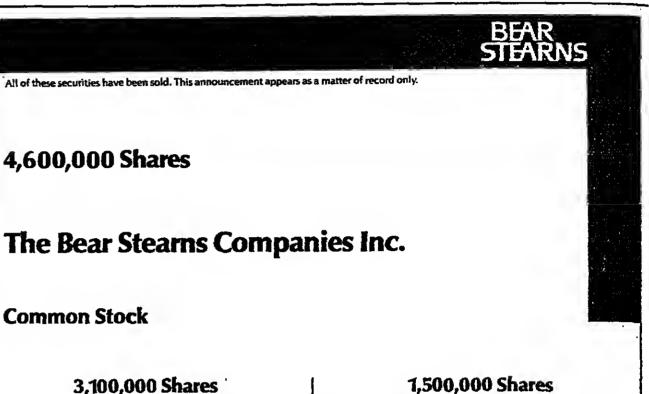
The banking group said it accept-ed the tendered shares and was due Until recently India's stance was to begin making payment yesterthat it considered applications from foreign hanks on the basis of reciday. It added that, if the conditions procity - it would grant permission of its tender offer continued to be satisfied, it would accept the tender of additional shares uotil the expi ration of the offer on Thursday.

ġ.,

Citicorp

Ouotron

set to win



The above shares were underwritten by the following group of international L'inderwriten

Swiss Bank Corporation International Limited

**Bear, Stearns International Limited** 

#### S.C. Warburg & Co. 114

3	C. C. Harouge Co. Lat.
ene Bank Nederland N.V.	Banca Commerciale Maliana
e Paribas Capital Markets Linited	Credit Suisse First Baston Liowed
Europe Destische Bank Capita	el Markets Enskilda Securitices Standonnian Emklida Liantsel
ndam-Rottendam Bank, N. V.	Banca del Gostando
della Svizzera Italiana	Bank Julius Baer & Co. AG

. .... These Bonds having been sold, this announcement appears as a matter of record only.

New Issue

June 1986



# **European Investment Bank**

## Can. \$100,000,000

9% Bonds due 1996

**Orion Royal Bank Limited** 

**Credit Suisse First Boston Limited** 

**Deutsche Bank Capital Markets Limited** 

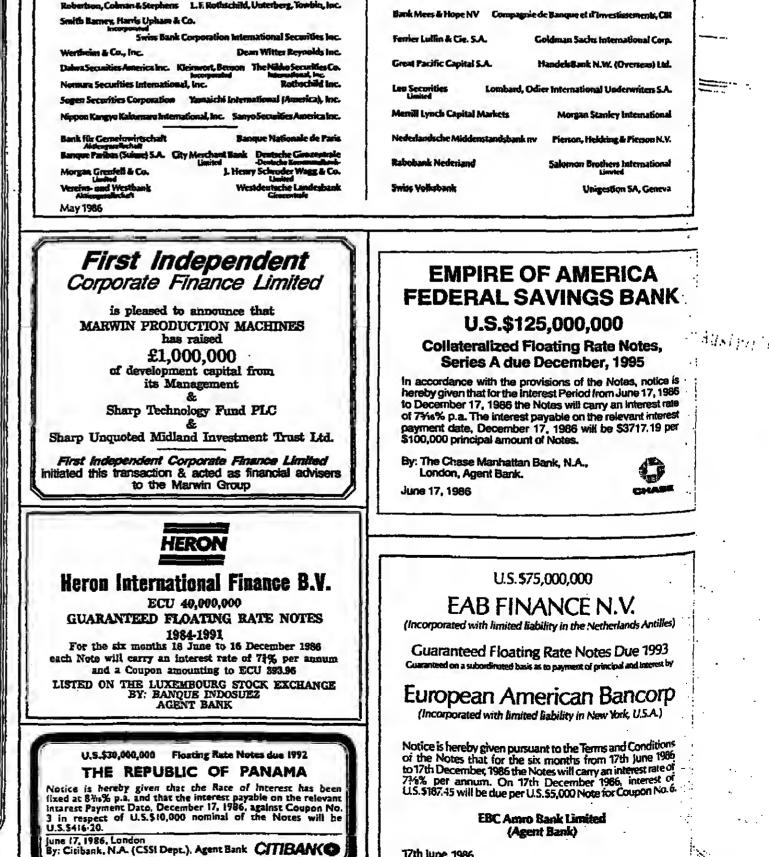
Morgan Guaranty Ltd

Nomura International Limited

Banca Commerciale Italiana	Bank of Tokyo In
Banque Bruxelles Lambert S.A.	Banque Internatio
Bayerische Vereinsbank Aktiengesellschaft	Crédit Commerci
Crédit Communal de Belgique S.A.	Crédit Lyonnais
Creditanstalt-Bankverein	Daiwa Europe Li
DG BANK Deutsche Genossenschaftsbank	Dresdner Bank A
EBC Amro Bank Limited	Generale Bank
Genossenschaftliche Zentralbank AG Vienna	Girozentrale und Sparkasse
IBJ International Limited	McLeod Young W
Mitsubishi Finance International Limited	Mitsui Finance In
The Nikko Securities Co., (Europe) Ltd.	Norddeutsche La
Sparekassen SDS	Toronto Dominio
Union Bank of Switzerland (Securities) Limited	Westdeutsche La
Yamaichi International (Europe) Limited	Zentralsparkasse

ternational Limited ionale à Luxembourg S.A. cial de France imited Aktiengesellschaft d Bank der oesterreichischen en Aktiengesellschaft Weir International Limited International Limited andesbank Girozentrale on International Limited andesbank Girozentrale e und Kommerzialbank, Wien

3



17th June, 1986

# **INTERNATIONAL COMPANIES and FINANCE**

# Malaysia lures foreign investors

A SIGNIFICANT change has with the kind of restructuring likely to record zero or even: dictated by foreign investors. taken place in Malaysia's that we planned for. approach investment. The return of the trate on growth first and then sharply, and there has been a now Malaysian, owned Guthrie Corporation to the London will be held in abeyance, more Stock Exchange, and permission or less, except in areas where equity costrol of their Mal-aysian operations, all point to the growing realisation among Malaysia needs foreign investors that we planned for. The NEP, launched in 1970, Government's target of 10.7 per the growing realisation among Malaysia needs foreign investors the growing realisation among Malaysia needs foreig Chemical Industries to retain equity control of their Mal-aysian operations, all point to the growing realisation among Malay political leaders that Malaysia needs foreign inves--tors more than the investors -tors more than the investors - need the country. - The Government's ambitious and controversial New Econ-omic Policy (NEP), which has scared off scores of investors, has now been put on hold. - Potential foreign investors are being told that as far as equity is concerned, the NEP - will not apply - at least until they have been making money for several years. Existing for-

me Turnel I line Rige

INANCE

Citicorp

set to wh

Quotron

they have been making money for several years. Existing for-eign companies are assured they can retain equity and management control if they can make a good case. Confirmation of this flexible approach came from Dr Mahathir Mohamad, the Prime-Minister, who flearing: the Minister, who flearing: the unpopularity of the move among the ethnic Malay (Bamiputra) community, chose to announce it in an interview or Anstrahan television recently.

"We are very pragmatic people." Dr Mabathir said. "We find that if there is no growth, there cannot be any redistribu-tion of wealth. At the moment there is no growth, so we have decided we will not go shead

Mitsubishi

**Electric lifts** 

The NEP, lanched in 1970, Government source of an per-its an all-embracing strategy to cent. The fifth Malaysia Plan bring the Bunipuras or par (1985-90) paints a sombre out-economically with the com-mercially aggressive Chinese, with modest growth rates and The element of the NEP which rising unemployment. deeply affects foreign investors Privately. Malay leaders is equity restructuring. By 1990, the Government Malay ownership target cannot

Wong Sulong looks at a reversal of state policy on overseas companies

wants the nation's corporate be achieved by 1990. It is cur-wealth (defined as capitalisation rently 18 per cent. The target on the Kuala Lumpur Stock has to be pushed back for a few Exchange) to be distributed 20 more years, and restructuring per cent nor other Inderstand. The horistically through per cent for other Inderstand. The horistical for the structuring share of this corporate wealth had fallen to less than 26 per cent compared with 65 per cent in 1970. Beblind this fall lies

and 30 per cent for foreigneri. By last yean, the foreign share of this corporate wealth had fallen to less than 26 per cent compared with 65 per cent in 1970. Behind this fall lies the steady erosion of business confidence in Malaysia as the country was buffetted by a series of political and financial upheavals in recent years, and the economy took a plunge from the high growth rates of 8 per cent during the 1970s. Depressed export commodity prices mean that Malaysia is feeling among the expatriate community in Malaysia that the

London is seen as a test case. If British response is encourag-ing, more Malaysian govern-ment-owned companies which are to be privatised will seek similar listings overseas, revers-ing a trend in the 1970s when companies with Malaysian assets were Malaysianised and their domicile transferred "Bome." Foreign companies are now welcomed as investors in Malaysia's plantations and mining sectors. Tate and Lyle, mining sectors. Tate and Lyle, the British sugar group, is studying the possibility of par-ticipating in reviving a 10,000-hectare sugar plantation in Perak state.

The purchase of foreign-owned plantations in the 1970s is regarded as a mistake aris-ing from uninformed nation-alist sentiments. Not only did this, lead to a big outflow of funds, but it gave rise to com-petition from infonesia, which attracted many, ex-Malaysian planters. planters.

Nestle, Rothmans and ICI-— have been allowed to retain 50 per cent or more of the equity in their local operations, compared with 30 per cent si-lowed under the NEP. In each of the three cases it was community in Malaysia that the Government is now so desperate for foreign investment that investors can afford to wait and squeeze the best terms. But it has to be appreciated, the Government is risking a back-is among the Malays for com-promising on the NEP, and cannot afford to be seen to be for business success.

# Wellcome

This announcement appears as a matter of record only.

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## CSR to raise A\$460m through share issues BY LACHLAN DRUMMOND IN SYDNE

Akai holding By Yoko Shibata in Tokyo

AKAI ELECTRIC, the troubled Japanese maker of eudio and video equipment, is to increase its capital by allotting Y1.38bu (\$8.35m) in shares to Mitsubishi Electric as part of its corporate structuring pro-Mitsubishi Electric and Mit-

Mitsubishi Electric and Mit-subishi Bank are supporting the reshape, which has been made necessary following a deficit at Akai caused by e rapid and sharp drop in video cassette re-corder (VCR) prices and a slide in sales of euclic equipment. The desme price for the Am and an all and the second in sales of endric equipment. The issue price for the 4m shares is V345, with payment set for July 2. As a result, Mit-subishi Electric will become one of Akai's largest shareholders Akai will sell its VCR plant in Haneda, Tokyo, to a property company within the Mitsubishi group in order to raise VZ.2bn and thus heln butther to raise VZ.2bn 

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group in order to raise YZ-2bn which equals 15 per cent, of and thus help further to reduce contraint" capital. "AMP its losses. The plant will re-Society and the Commonwealth summer, when VCR production will be transferred to Saitama. It will arvolve some 500 job losses, or a quarter of Akai's total workforce. More than With own some 25 per cent of capital after the placement

# stop Elders deal hearing

BY LACHEAN DRUMMOND IN SYDNEY CSR, the Australiam resources holdings. and building products group, is The AMP and SPIT—respectively the biggest life office and ively the biggest life office and (US\$319m) through a share the pension fund for federal placement and a rights issue of public servants—have taken part in a series of seemingly diate A\$240m with the one-for-10 options issue, to be made on expanded capital, to raise a further A\$65m immediately from e A\$1 payment. This will can first wither at any time from 1988 to 1991. The placement comes amid mounting market speculation that CSR is the neart major take over candidate, having emerged from and debt repayment as a sleeker and more attractive company. Shazeholder..., \$pproval is required for the fiscement at any time from and debt repayment as a sleeker and more attractive company. Shazeholder..., \$pproval is required for the placement at any time from two years of rationalisation for the issue of of opposing the matter at the shareholder meeting. The placement comes amid mounting market speculation that CSR is the neart major take over candidate, having emerged from two years of rationalisation that CSR is the neart major take over candidate, having emerged from two years of rationalisation the purchase of the issue of a speculation for the early repayment as a sleeker and more attractive company. Shazeholder more attractive repayment as a sleeker and more attractive form two years of rationalisation for the early repayment for the issue of a speculation for the early repayment at a purchase of through a figure blancement which equals 15 per cent of the issue form the fourthase of the purchase of the issue of the purchase of the issue of the starse of the purchase of the purchase of the speculation for the early repayment at a speculation for the early repayment of the speculation for the

tion and debt repayment as a sleeker and more attractive company. Shazeholder.... approval is required for the placement which equals 15 per cent of content capital. The AMP Society and the Commonwealth Successful The The Commonwealth

field. CSR said the fresh funds would be used for the develop-ment of group businesses, par-ticularly in the building pro-directed against a doc

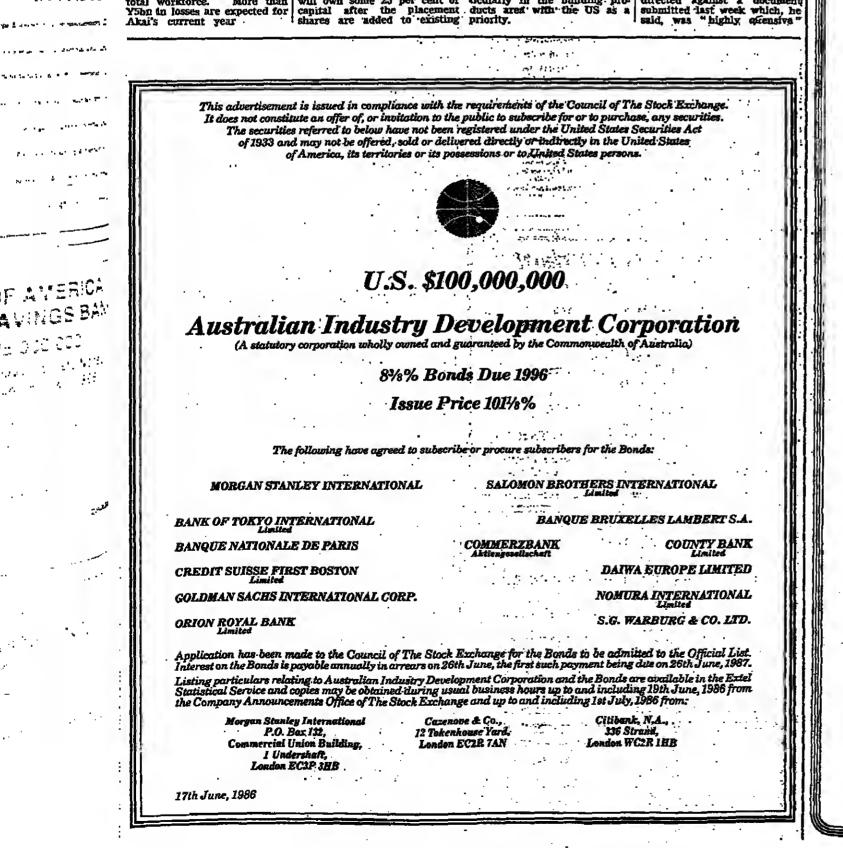
By Our Sydney Correspo BROKEN HILL Proprietary (BHP), Australia's biggest com-pany, has begun legal action seeking a halt to a National Companies and Securities Com-mission hearing into its cross-shareholding deal with Mr John Eiffott's Elders IXL.

BHP seeks to

The BHP writ came as the company was subject to an ettack from Mr Henry Bosch, the commission made by the com-a submission made by the coma submission made by the com-pany last, week which he claimed was "scandshow" and which if made to a court would be capable of constituting a

conte BHP is seeking infunctions to stop the hearing and to declare its findings invalid. It alleges that the commissioners ballo mailes - exercised their powers for improper purposes; acted in a manuer calculated to; actived in a manner concustor, or assist. Mr. Robert, Holmes! & Court's Bell. Group in gaining control of BHP, and, prejudged issues concerning the company. Mr. Bosch's, comments were insues and int a document

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lic to subscribe for or to purchase, any securities.

17th June, 1986



# **Tasmanian Public Finance Corporation**

(A statutory corporation incorporated under the laws of the State of Tasmania)

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unconditionally guaranteed under statute by

## The Treasurer of the State of Tasmania

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## The Crown in Right of the State of Tasmania

Issue Price 101%

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Baring Brothers & Co., Limited

**Deutsche Bank Capital Markets Limited** 

**Nomura International Limited** 

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.	ANZ Merchant Bank Limited
Bank of Tokyo International Limited	Banque Bruxelles Lambert S.A.
CIBC Limited	Dai-Ichi Kangyo International Limited
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Application has been made to the Council of The Stock Exchange in London for Bonds in denominations of A\$1,000 and A\$5,000 constituting the above issue to be admitted to the Official List, subject to the issue of the temporary Global Bond.

Interest will be payable annually in arrears on 26th June in each year, the first such payment being made on 26th June, 1987.

Particulars of the Bonds and the Issuer and Guarantor are available in the Extel Statistical Service. Copies of the listing particulars relating to the Bonds may be obtained during normal business hours up to and including 19th June, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 1st July, 1986 from:-

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# **INTERNATIONAL COMPANIES and FINANCE**

# **DM bond quota for foreign banks**

BY JONATHAN CARR IN FRANKFURT

for the first time in the federal government, post office and rail. way bonds with investors.

bank, yesterday formally then, offered 16 foreign banks a 20 Mo per cent quota in the con-sortium and asked for a firm reply by June 25.

Those banks which acceptprobably most if not all of those invited—will then be able to participate in the group from the end of this monh.

So far 73 German banks have ment in German public-sector been consortum members, domestic bonds rose to DM including 10 which are conrol. 23.8hn from DM 7.2bn in 1984. including 10 which are conrol-led by foreign institutes (for example Trinkaus & Burkhardt which is majority-owned by Midland Bank and Schroder. Münchmeyer, Hengst which belongs to Lloyds). new consortium could thus in theory have as many as 89 members. Of the 16 baaks invited, six are Japanese, four US, three Swiss (including the Bank in Liechtenstein) and one Bank in Liechtenstein) and one inducert, other in the con-each are from the Netherlands, already members of the con-Canada and Sweden a continum have made no secret

Canada and Sweden. The new action means that,

thanks above all to the Bundes-bank, foreign banks (at least those incorporated with a full banking licence in the Federal Republic) are able to penetrate the placement power

BY STEVEN B. BUTLER IN SEOUL

According to bankers in

Seoul, early last week the KDB notified 15 banks that bad

agreed to orgainse the syndica-tion that it would delay the loan pursuant to consultations

with the Korean Ministry of

Reasons for the delay are not entirely clear, although some bankers feel the postponement

may reflect Korea's stronger economic growth and the sharply reduced current account

deficit, both of which stem from

falling oil prices, the decline in international interest rates, and

the strength of the Japanese

people in the Ministry of

There is a contingent of

Finance who thought KDB economic management.

Hong Kong.

Finance.

bond consortium which places for the first time to lead-manage D-Mark foreign bond in the consortium feel their

investment.

step.

However.

ay bonds with investors. issues, a lucrative activity which existing quota is already too The Bundesbank, the central had been denied them until low, for example the co-ank, yesterday formally then. operative institutes which bave Moreover, foreigners have only an 11 per cent share. been buying ever more German domestic bonds since the aboli-Mr Claus Köhler, the member tion in August. 1984, of the

of the Bundesbank directorate responsible for the capital markets, has abown, bowever, that be is not swayed by these complaints, made to him at a "coupon tax" which foreigners bad to pay on the interest they received from domestic bond Last year foreign net invest- sortium members last Friday. Mr Kohler stresses that a 30 per cent quota would be too high for the foreign banks but one of only 10 per cent clearly too low. A 20 per cent quota would give the foreign entrants a total DM 600m from a normal The net figure for the first quarter of this year was DM 16hn compared with DM 6bn

in the same period of 1985. Membership of the federal hond consortium for foreign federal bond issue of DM 3bn. Under the consortium system, hanks is thus seen by the German authorities—and even the member hanks agree to take over the whole issue on firm by many German domestic hanks - as a natural further banks

In other words the member banks have to take on their of their bellef that the 20 per cent quota being offered to the foreign banks is too high. agreed quota even when market conditions are not ideal. onditions are not ideal. others, are being excluded from This is one reason why one the latest measure on these It is asked whether the foreign institutes really have or two of the foreign banks grounds. COD-

listed CD LEADING FOREIGN banks another bastion so far beld by sistently to pick up so high a invited may decide, after all incorporated in West Germany domestic credit institutes. quota — a point which the not to join in. They may feel have been invited to take part Last year. for example, Bundesbank will be watching they have relatively little Last year, for example, Bundesbank will be watching they have relatively little foreign banks were permitted closely in the next few months. influence over the issue condi programme Moreover some German banks tions, thus taking on unforeseen the consortium feel their able risk without sufficient certain reward.

But officials of foreign banks MORGAN GUARANTY yesterbere who could be reached for comment indicated they smuld day bridged the gap between the CD and Eurobond market be happy to participate. Mem-bership would give them an extra weapon in their armoury. by arranging the first ever listed certificate of deposit (CD) programme, for Mitsu-bishi Trust and Banking and also conferred a certain prestige.

Corporation. Mitsubishi's \$100m CD, which pays 71 per cent compone over five years and is Mr Köhler also stressed that the Bundesbank move was part of its policy to open np the capital markets and, by this priced at par, will be listed in Luxembourg. Eurobond-like features include low means, help combat protectionist pressures in commerce as well as finance.

He urged that further reciprocal steps be taken to benefit German banks operating in foreign countries but also noted that-"de jure" at least-such facilities often existed already. terms and place the bonds with Last year Japanese banks were their borrowers. They receive a not included when foreign commission for doing so. banks were allowed to lead-However, Mr Köhler noted manage D - Mark Eurobond that consortium membership issues on the grounds that confers duties as well as benefits. Tokyo continued to take a In other words the member restrictive stance towards German (and other) banks. Neither the Japanese, nor

# \$560m of fixed-rate paper issued as mood improves

#### BY CLARE PEARSON

THE EUROBOND turned optimistic yesterday as US Treasury bonds rallied on tor. Morgan Stanley issued a further evidence of sluggisb US \$60m five-year hond for Hud-economic growth. As dealers son's Bay, the Canadian retail marked prices of seasoned issues up by about 4 point, new at 10 per cent. The price was issue managers scized the left open during yesterday opportunity to launch \$560m

worth of new fixed-rate paper. Deutsche Bank Capital Markets launched a \$250m 10about i point in price in symyear deal for the European Investment Bank (EIB), which also raised DM 300m in the pathy with New York and because the Lower Saxony clections, which took place on Sun-D-Mark market yesterday. The day and had created nervouscoupon was set at 71 per cent and priced at 981 to give a net ness in the market, were now spread of 45 basis points over US Treasury bonds at time of taunch. The issue met an enthusiastic reception. hehind it. The EIB's DM 200m 61 per cent 10-year deal was, therefore, warmly welcomed by investors

and traded at a hid price of 99, just 1 point below issue price. Deutsche Bank led the deal, whose concurrence with the The EIB has the option of re-purchasing up to 5 per cent of the issue during the first year of its life, up to 3 per cent EIB's dollar offering was said to be coincidental. in the second year, and up to 2 per cent on years three and four of the bond's life. The EIB's strong perform-ance encouraged the launch of

four of the bond's life. Morgan Guaranty launched a \$100m 10-year deal for the German hank Deutsche Sied-lungs-und Landesrentenbank (DSL), which is 99 per cent owned by the Federal governanother hond for a supra-national borrower, this time the ment. The coupon was set at 85 per cent and the issue priced per cent and the tssue priced at 1003, to give a 50 basis point spread over US Treasury bonds at time of launch. As US Trea-sury bond prices moved up in the course of the day the issue traded at discounts to issue

In the light of the pricing of DSL, which is viewed virtually DSL, which is viewed virtually as German government deht, the 32 basis point issue spread over US Treasury bond yields on a new five-year bond for Pruden-tial Funding, the wholly-owned subsidiary of Prudential Insur-ance, looked tight. Prudential Bache Securities

set the coupon on the \$150m bond at 74 per cent and issue price at 100{. The bond was

cent bond has a final maturity market quoted at a bid price of 981. Elsewhere in the dollar sec of eight years, but 50 per cent tor, Morgan Stanley issued a amortisation at the end of the S60m five-year hond for Hud- seventh year reduces this to an son's Bay, the Canadian retail average life of 7; years. In company. The coupon was set vestors welcomed the deal vestors welcomed the deal, which marks a departure from left open during yesterday afternoon, indicated at between the tight pricing of Ecu deals of a few weeks ago. A bid price par and 1004. The lead-manager reported strong demand. The D-Mark market ticked up

of 993 was quoted. Late in the day Morgan Stap-ley launched a A\$50m issue with debt warrants for Mitsu-bishi Bank of Australia. The seven-year bond bears 13 per cont coupons and was priced at 101; per cent. It is callable after four years at 1003. The warrants, which pay 13 per cent coupons, may be exercised into a similar, but noo-callable deal, only after the call date on the

host hond is past. Yemaichi International (Europe) set the terms on a recent S50m equity warrants bond for Glory, the Japanese manufacturer of cash and bank. note handling machines. The coupon on the seven-year deal was set at 3) per cent, as had heen indicated. The exercise price on the warrants was set at Y3,947, a 21 per cent premium over the closing price on the shares. The foreign exchange rate was set at Y166.30 to th dollar.

Prices were maintained in steady volume in the Swiss franc market. No issues traded for the first time.

## Danish banks lead profit growth

FT INTERNATIONAL BOND SERVICE Listed are the 200 latest internation 05 b011AR ST2AMWITS Ammod 6 40 bffs 200 1825 1825 Adm. Redfield 10% 00 155 2005 1055 Ammod 6 40 bffs 200 1825 1825 1825 1825 Ammod 6 40 bffs Ammod 6 40 bffs 200 1825 1825 1825 1825 200 1855 1825 200 1855 1825 200 1855 1825 200 1855 1825 200 1855 1855 200 18 \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\* 3984389899334883792298

THE Korea Development Bank should push for a smaller (KDB) has unexpectedly post-poned a \$500m syndicated loan that was being organised in Hong Kong. that Korea was doing fine this year and didn't need to borrow as much as they bad in the past," said a banker yesterday who is involved

German

The KDB bad telered the 15 hanks on May 28 asking if they would be willing to organise the syndication. The banks met and notified the KDB on May 30 that they would be willing to put together the syndication. The loan had proceeded no further when the banks received notification of a delay.

Annual KDB " jumbo loans" have been well received in market.

recent years. Korea is the largest borrower in Asia, and bankers express great con-fidence in the country's country's

**Morgan Grenfell may shift Korea Development Bank** Asian fund to Singapore postpones syndicated loan

#### BY CHRIS SHERWELL IN SINGAPORE

MORGAN GRENFELL, the UK began offering concessionary 10 a phased relocation to Singa-pore for the management of its The March budget took

budget. The move would be a symbolic boost for Singapore and would mark a significant reversal by Morgan Grenfell. In 1983 the bank cansed a moor sensation by shifting the fund to Jersey in the Channel Islands, principally because it failed to win satisfectory clari-fication on the taxation of trading gains in the Singapore trading gains in the Singapore

seeing other fund managers hold back and watching Hong

pore for the management of its The marter budget. The move would be a will be treated as capital gains, symbolic boost for Singapore which face on tax. to 33 per cent tax. As a result, Morgan Grenfell may shift the management of its

London to Singapore in phases, starting with dual control from London and Singapore before moving completely to the island state, Nominal domicile, bowever, is expected to remain in The Singapore authorities, Jersey

Bank officials say they hope to generate some S\$100m of new Kong surge shead as a fund to generate some SS management centre, reviewed fund management their policies and initially of South East Asia, fund management husiness ont



Asian Investment Fund from London to Singapore in phases

> be used for strengthening the dollar deposit base of the bank's New York branch. The Finnish hank has received a triple A rating for the pro-

the Kansallis banking group stood at FM 87.7bn (\$17.7bn) at the end of April, an increase of 20 per cent on the year-end figure.

# ako reatures include low denominations, the lowest being \$10,000, and payments of interest on a 30-day month (360-day year) time schedule. The issue materially differs from a Eurobond euly in that the token of payment of interest is an endorsement on the, back of the bond rather than compon-clipping. Morean than coupon-clipping. Morgan Guaranty stressed that this does not jeopardise the does not jeopardise the bearer's anonymity. Priced at a spread, net of 14 per cent fees, over US Treasury bonds of 66 basis points, dealors thought the terms fair although were worried that the CD market's reputation for illiquidity would adversely affect the issue. After a spate of issues recently, for instance, the market for floating-rate CDs seems to have dried up. Mitsubishi Trust choose to issue this instrument instead of a Eurobond because it

Mitsubishi

By Our Euromarkets Staff

**Trust** in

of a Eurobond because it avoids the Japanese Ministry of Finance quene for Japanese trust bank Eurobond issues. **CD** market

> term CDs (certificates of deposit) running for one to five years in the US market under a programme which totals \$100m. Kansallis is the first Nordis bank to enter term CD market in the

gramme from Moody's Investor. Service, the first private Nordic bank to gain

The money in be raised will

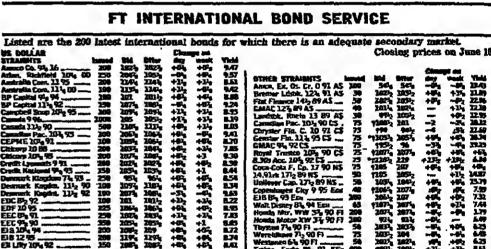
the status. The consolidated assets of

ping group and United Breweries, the Tuborg and

# Council of Europe. This DM 150m eight-year 64 per cent bond. priced at par, was led hy BHF Bank. It come too late in the day to trade actively. The Ecu market saw marked price improvements last week as recent paper was digested. Yesterday Banques Bruxeltes Lambert launched an Ecu 75m hond for the EEC. The 75 per

price comfortably within the 2 per cent commissions.

DENMARK'S 245 stock market listed companies more than doubled earnings to DKr 28bn before tax in 1985. Hilary Barnes reports from Copen Barnes profits increased by 542 Bank profits increased by 542 Barne and United per cent to DKr 15.7bn in a ping group and year when bond prices rosc Breweries, the Tu sharply. Earnings by industrial Carlsberg company.





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## More details given for India Fund

By R. C. Murthy in Bombay

MORE DETAILS have been given for the India Fund, the investment trust promoted jointly by Unit Trust of India and Merrill Lynch, which will make an offer of shares worth 560m on the London market on India 7

source and the long on market on July 7. The Indian government last week approved the proposal, which for the first time allows foreigners to invest in the Indian stock markets, albeit indirectly. UIT will invest the f60m in India corporate equity and manage the port-feilo. The Indian stock mar-kets have been beening over the past two years, with share values more than doubling. According to UTI. searly two-thirds of the India Fund will be offered to institutional investors and the remaining third to individuals, including expetitate Indians. The ahares of India Fund will be listed on the London stock

exchange. India Fund will be a closed-ended unit trust domiciled in Guernsey.

Eagle Corpn. to buy deposit of magnetite By John McIlwraith in Perth

A PROJECT which would provide an alternative source of raw materials for the Australian coal industry will be launched in the next six months.

Eagle Corporation, better known as an ell explorer, is to acquire a magnetite deposit in the Hunter Valley region of New South Wales, close to many existing coal fields. Magnetite, a form of iron, is used in a process to remove waste material from ceal after it is mined. Subject to shareholders'

approval Eagle will make a two-for-three renounceable rights issue, with one free option for every two shares, to raise A53.2m. This will largely finance the building of a treatment plant at Talla-

Eagle, which is part of the Swan Resources group, says that feasibility studies show a return of between 24 per cent and 35 per cent on the investment of A\$4m in the venture.

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# **INTL. COMPANIES and FINANCE** Kenneth Gooding on the German vehicle group's reviving fortunes

# MAN trucks open the throttle

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MAN Commercial Vehicles, West Germany's second-largest beavy truck producer, is firing on all cylinders again and re-covering fast from the traumatic events which forced the com-pany—and its parent GHH (Gutehoffnungshutte) — to change direction violently. Mr Wilfried Lochte, chairman, says the company did much better in the current financial year, which ends on June 30, than in 1964.85 when it reported a DM 32m (\$15m) profit. The progress towards complete fin-ancial health will be even minical health will be even minical years to June 1984. MAN plunged into losses— totalling DM 477m in the two financial years to June 1984. So the company has been able gra

-gramme. So the company has been able to crown its recovery this month with the launch of a new range of heavy trucks, called the F90. MAN invested DM 250m in the F90 trucks which have entirely new cabs, chassis and suspension systems. According to Mr Lochte, the trucks will play a crucial part in the com-pany's drive to boost its share of the West European market for trucks over 15 tonnes gross weight, from the current 7 per cent to 10 per cent within three years.

Years. The company has travelled a long way since 1981 when Iraq. without warning, cancelied an order for 1,000 heavy trucks. most of them already built by MAN's profits on the deal DM 128m, showed up as an extraordinary item in the 1984-85 results. MAN's fall into losses and the Germany's major mechanical engineering group, that it needed to take a tighter grip sell them at give-away prices.

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saleable in Europe. MAN had to sell them at give-away prices. At the same time, MAN, in common with the rest of 'Western Europe's heavy truck industry, faced a recession caused by the steep drop in demand from the oil-producing countries and a halving of Euro-pean sales between 1980 and 1982.

MAN had to act quickly to put its house in order. It ration-alised production and cut costs to reduce the break-even level of output to match expected demand

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demand. By the middle of 1964 the programme had reduced the MAN Commercial Vehicle work-force by 25 per cent, or 6,000 jobs, to 17,500. The break-even point has been cut to 15,000 trucks a year --a level to which MAN's output has dropped only once in the past 11 years. That was after the collapse of the Iraq deals. Last calendar year, output of Last calendar year, output of trucks over 15 tonnes was

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Bedford and the German group could co-operate either. Help was at hand from Daimier-Benz, the Mercedes group, which did not relish the prospect of GM picking up MAN and with it a 10 per cent share. of the West German heavy truck market plus a network of 900 dealers and service points across Europa from Scalar to the across Europe from Spain to the

UK. To help MAN over its tem-porary shortage of cash, D-B offered to buy its rival's half-share in MTU (Motoren-und-Turbinen Union) which makes

subsidiary Consequently, it took full Consequently, it took full control via a share swap, and followed up by reorganising the merged group into eight divi-sions. The truck and bus operations of MAN have been split off as a separate company, MAN Commercial Vehicles.

The chairman of the new division, Mr. Lochte, says that io future MAN CV will concen-trate on Western Europe and aim to be selling soon 80 per cent of total production in this "domestic" territory. The

dealer and service network will be built up to about 1,000. Currently sales to the Middle East, once MAN's major export market, are minimal as cash for imports has dried up in

those countries. Similar currency shortages have brought MAN's project to assemble tracks in China with a local partner, Norinco, almost to a halt. In the past two years next year.

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Mr Wilfried Lochte: drive to boost European market share American factory recently and

left MAN on short-time work-The buses built at Cleveland, North Carolina, have a 40 per cent West German content and the fall in the value of the dollar bas increased the cost of imported components by \$10,000

A vehicle, Mr Lochte points out. However, in Germany MAN is building a healthy three and a half buses and coaches a day after winning major orders. including one from Turkey. .

The bas operations as a whole are doing better than break-even, says Mr Lochte. Output rose from 1.774 in 1984 to 2.566 last year and should be about 2,180 in 1988, For the time being MAN has shelved the idea of exporting trucks to North America. It has

been looking at the possibility of selling in America the medium trucks from its joint project with Valkswagen.

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VW and MAN co-operated to develop and build trucks between six tonnes and 10 tonnes to fill the gap between the top end of VW's commercial vehicle range and the bottom of MAN's. The partners originally hoped for output of joint-venture vehicles to reach 15,000 a year.

for output or joint-venture vehicles to reach 15,000 a year, with 10,000 for export. But production has never been above 5,000. Last year the joint venture sold 3,700 vehicles and Mr Lochte says the total should go above 4,000 in 1986. The joint venture is now marginally profitable and the partners have renegotiated their deal so that all production will take place at MAN's Saltr-gitter factory, near Hanover, whereas it has been shared with VW's Hanover plant in the past. Under the terms of the original contract, VW insisted that 70 per cent of assembly be completed at Hanover.

completed at Hanover. Talks with VW about widen-ing the co-operation continue, including some which might lead to further links between the MAN and Volkwagen com-mercial which sales and ser-wire networks — as bas already happened in the UK, the Netherlands, Norway aod Spain. Mr Lochte acknowledges that, for a medium-sized truck profor a medium-sized truck pro-ducer to survive, it must be in-volved in co-operative ventures.

Apart from the VW deal, MAN has a joint project with the Eaton Corporation of the US for the development, pro-doction and marketing of some

doction and marketing of some heavy truck aries. This scheme is on schedule, says Mr Lochte, MAN's capital spending is running at about DM 200m a year while research and develop-ment takes DM 130m to DM 150m, roughly 2 to 4 per cent of turnover. The development effort put into the new F90 truck range

under development since 1981, enabled the number of com-poneous in the cab to be cut by 30 per cent, thus reducing

30 per cent, thus reducing weight considerably. MAN built 400 of the top-of-the-range F90s for the launch in continental markets this month and will gradually introduce other versions in descending weight categories over the next two years. Right-hand-drive models for the UK, the com-pany's best export market at the moment, should be on the road next March.

Mr Lochte believes that MAN The whole future of the joint can take market share away venture with Volkswagen has from all its major competitors been under consideration be- with the help of the new F90 cause the original contract. range-including some from the signed in 1979, was due to end European market leader, Daimler-Bent.

# Rabobank now in Singapore, Hong Kong and Jakarta.

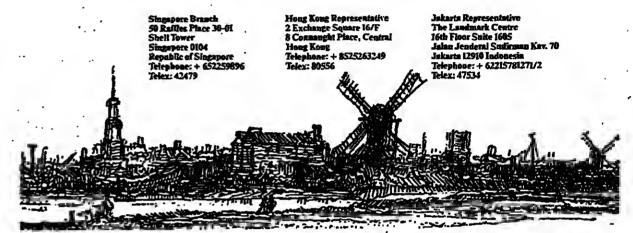
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Strong boost from food

Unigate

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# **UK COMPANY NEWS**

# Guinness gets a nip of Bell's and nudges £60m

#### BY DAVID GOODHART

28

yesterday by Guinness were newly roughly in line with expecta- Beverage tion at £59.3m pre-tax proving. Vic 5teel to whom al according to Mr Cbris David- management in the su son, the director of public companies will report. affairs, that the company can walk and chew gum at the

same time." He said: " These results show that despite all the attention focused on our acquisitions we can also produce excellent results from the existing Mr Shaun Dowling. businesse

The profit figure for the half year to March 31 1986 was 68 per cent as oo last year and included a first full contribution of £21.4m from Arthur Beli & Sons but nothing from the Dis-tillers company which was acquired in April. However, Mr Ercest Saunders, the Guinness chief which was well under way.

executive, did spell out some of increase the early changes at Distillers, rise of The Distillers drinks brands trading

THE INTERIM profits unveiled are being integrated into the acquisitions) Guinness profits yesterday by Guinness were newly formed Guinness bave nearly doubled to £67.8m. Beverage Group beaded by Mr Vic Steel to whom all senior management in the subsidiary

> The Guinness retail, health and publishing businesses are brought together into the was brewing, 21 per cent Bells group and 31 per cent retail Developing Group headed by Mr Brian Baldock, and the remain-ing businesses constitute the Commercial Group beaded by and other. The 1,200 retail outlets will

new marketing strategy. Guinness says that it is start-Breakdown of turnover get ing to introduce far tigbter finpreakdown of turnover geo-graphically sbows 61 per cent from the UK, 19 per cent from the Republic of Ireland and 20 per cent overseas. The profit percentages were 46, 23 and 21 respectively. ancial disciplines joto Distillers with weekly hudget control meetings. The analysis of bow hest to reposition the 5cotcb

Excluding the effect of acquisitions, existing husinesses increased profits to £43.5m, a rise of 23 per cent. At the trading level (including As a result of the Distillers As a result of the Distincts will be acquisition Guinness says it interim. issued 514m ordinary shares and Guinn £300m of preference shares. at 303p. The gearing is expected to be

Earnings per share increased by 12 per cent and the interim dividend is also being increased by 12 per cent to 2.24p net. Turnover was up 58 per cent at £873.4m of which 48 per cent

> Mr Ernest Saunders, the chief executive of Guinness

down to abont two-thirds by the end of the year. The company also said that the year end for the new group will be Decem-ber 31 and the results for the 12 months to end of September will be announced as a second

# Change of management at Authority Investments By Lionel Barber

THREE EXPERIENCED City financiers are to assume management control of Authorty Investments, the investment and property development com-pany chaired by Lord Lever, in a deal worth £6.6m. Mr David Backhouse, who

bnilt up and floated Dunbar & Co, the bankers, in the 1970s, is to become executive chairman Mr Michael Campbell, a pro-perty developer, and Mr David Innes, a chartered accountant, are to join the board as execu-tive directors. Lord Lever, a former Chancellor of the Duchy of Lancaster, is to become president of Authority.

president of Authority. Mr Backhouse and his team have created a vehicle. Man-agement Gronp, which ia hid-ding 130p in cash for Authority which they reckon is worth 143p per share, allowing for theu proposed one-for-ten scrip Irrevocable acceptances bave been given an behalf of 100 per cent of the non-voting "A" shares. Management Group wishes to convert these "A" sbares giving it around 75 per

lifts Unigate to £83m SHARPLY HIGHER contributions from its UK food opera-tions enabled Unigate to lift its

1985-86 profits to £82.8m pre-tax, an improvement of 30 per cent over the previous year's £83.6m. City analysts were looking for around £80m. The food side shipped in

The food side chipped in £29.5m (£17.3m) at the operat-ing level, almost matching the £30.6m (£24.2m) returned by the dairy activities. Respectively the operations showed rises of 71 per cent and 26 per cent. Group turnover for the 12 months to March 31, 1986 showed a decline of 1 per cent at £1.92bn (£1.93bn) but operat-ing negative bad abad by 19 at 1.520n (21.530n) but operating profits pushed ahead by 19 per cent to £91.4m, with the UK take up by £20.9m at 576.6m. The contribution from the US fell by £1.9m to £13.7m. Formings much by 24 per cent

Earnings rose by 34 per cent the 24.6p (18.3p) and a final divi-dend of 6.25p (5.2p) raises the totat by 1.5p to 9.7p net per 95c charge

BY LIONEL BARBER

year.

helicopter company earlier this

lish whether the shareholders, several of whom sheltered under jwiss nominee holdings to re-main anonymous, were acting in

contravention of the Companies

The inquiry sought to estab-

totat by 1.5p to 9.7p net per 25p share. The directors say the UK food activities dld particularly well from their strong position in the growing market for healthy eating. They say that St Ivel is now the premier brand in the chiller cabinet with Gold and the Shape range progressing strongly.

**DoT still considering** 

Westland share inquiry

looking to the group for sus-

Apart from food and datries. Wincenton (Transport, distr. bution, garages and engineer-ing) raised its 1985-86 operating profits by £2.2m to £10.5m but Gultspur (transport, exhibition and engineering services) and the international operations showed declines of £3.1m and £4.6m respectively. Other activities improved to £2.2m £4.6m (£0.9m).

Pre-tax profits included a £3.4m (£2.7m) share of the associates and were struck after taking account interest and other finance charges amount-ing to £12m (£16.1m). Tax took £5.5m more at

£28.1m. Minorities accounted for £0.3m (£0.5m). There were extraordinary credits of £0.6m (f9.2m charge).

(\$9.2m charge). The directors say cash flow was again very strong at 154.2m, hringing net borrowing down by 42 per cent. Mr John Clement, group chairman and chief executive, revealed in a statement follow-ing the results that milk salar The dairies side increased

iquid milk volume by over 1 per cent after many years of slow decline. Development by acquisition Development by acquisition continued with the agreed pur-chase late last year of Arling-ton Motor Holdings, which joined the Wincanton group, and of three regional busi-nesses hy Unigate Dairies. In all, the directors are ing the results that milk sales had failen by between 13 and 2 per cent in the wake of the Chernobyl disaster.

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## De La Rue £3m security expansion

By Charles Satchelor De La Rue, the banknote printing and security group, is to pay about \$3m for Remsday, a privately-owned company which develops software pro-

Westland has completed its inquiry into the six mystery shareholders who emerged during the contested capital reconstruction of the British belicopter maker, and Fiat of Italy, against sortium. sortium. The Department of Trade and Industry said vesterday that it was still considering whether to launch its own inquiry into the share dealing, following a re-port by a three-strong Stock Ex-change committee also suggested that the government should amend the law to ensure that beneficial owners of shares should identify themselves in order to yote at a special share-bolders' meeting. An announcement on both

51 T 1 1

An announcement on both terests alongside its traditional matters is imminent, a DTI bank note and security print spokesman said vesterday. ing operations in recent years.

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Application has been made to the Council of The Stock Exchange for

# Hazlewood Foods jumps to £11m

## Midland Marts in talks with

### estate agent

Midland Maris, the livestock auctioneer and estate agency business, is discussing a merger with Beardsley Theobalds. a privately-owned group with similar business interests. Midland sald it expected to

make an after using its own shares, with Breadstey share-holder owning between 35 and 40 per cent of the enlarged group.

The comhination would have a total of 52 estate agency offices in the Midlands aod include complementary activi-ties such as insurance broking,

ties such as insurance broking, surveying and auctioneering. Last October, Midland declared a £19,000 pre-tax loss for the half year to last August nn £2,06m turnover. The loss was largely ascribed to diffi-culties in the estate agency husiness.

LANCA, bandbag manufacturer LAINCA, bandbag manufacturer and wbolesaler, made pre-tax profits of £249,000 (£260,000) for 1985, on turbover of £3.7m (£3.04m). Earnings per 20p share were 1.78p (1.9p) and the dividend is held at 0.375p. Interest receivable fell to £30,000 (£45,000) resulting from financing stock and development costs for two new businesses.

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THE ACQUISITIVE Hazlewood Foods group made strong pro-gress in the second aix months of 1995-86 and for the full 12 The intal dividend paid for the 1984-85 year totalled 13.5p hut the directors have adjusted this to 8.1p allowing for the rights months raised its profits from £6.09m to a record £11.11m pretax.

Mr John Lowe, the chairman, says the results were achieved They are also proposing a hy pursuing the policy of de-veloping existing husinesses and two-for-one scrip issue and a sub-division of the 20p shares into units of 10p each. acquiring companies which ex-tend the group's operations in

the food industry. The past year, to March 31 1986, saw group turnover rise from £68.06m to £123.05m and trading profits by £5.12m to Tax rose to £2.35m (£1.09m) to leave the net balance at £8.76m, against a previous £5m. Tax rose to £2.35m (£1.09m) to leave the net balance at £8.76m, against a previous £5m. Tax rose to £2.35m (£1.09m) to leave the net balance at £8.76m, against a previous £5m. Tax rose to £2.35m (£1.09m) to provide the net balance at £8.76m, against a previous £5m. Tax rose to £2.35m (£1.09m) to provide the net balance at £8.76m, against a previous £5m. Tax rose to £2.35m (£1.09m) to provide the net balance at the company a strategy of figures. the group's impressive performance — the price was 240p only four years against a previous £5m. to provide the net balance at the group's impressive performance — the price was 240p only four years through small acquisitions is cent puts the shares on a pro-spective p/e of 16. That is high for the sector but seems justi-

A final dividend of 5.5p organic growth of around 26 makes a net total nf 9.5p on the per cent. Although further capital enlarged by last year's acquisitions are probable, this £20.5m one-for-one rights issue, year will be devoted to the year will be devoted to the digestion and development of in favour. digestion and development of recent purchaes — notably the chilled foods division (pizzas, pasta) and snacks (nuts, pop-corn). The oddly-named "ambient grocery" division which bottles pickles, sauces and jams will benefit if there is a good summer. The share solit underlines the group's

split underlines the group's

The deal also includes Hen-derson Administration, Mercury Warburg Investment Manage ment and Charterhouse Bank agreeing to subscribe or pro cure subscribers for £3m nominal 8 per cent convertible unsecured loan stock 2006/2013

in Authority at par. The loar stock will be convertible between 1987 and 2006 For the year ending Apri' 1985, Authority reported a pre-tax loss of £2.6m. But for the

following six months, it staged a recovery, producing £82,000 pre-tax profits.

#### Weir acquisition

oncert. The shareholders, one of whom is resident in Uruguay Weir Group has paid some \$2.85m cash for Tooling Pro-ducts Holdings, a Hampshire and another in Los Angeles, have given personal assurances that they were not involved in an undisclosed concert party in

# **McKechnie lifts forecast**

#### BY DAVID GOODHART

based supplier of moulds to the UK motor industry. Book value of Tooling's net assets amounted to about £1.5m Book value of Tooling's net assets amounted to about £1.5m as at March 31, 1986 and pre-tax profits for the year to that date were £558,723 from £4m turnover.

# **BET cuts South African interests**

#### BY CHARLES BATCHELOR

the extent of its involvement pany earlier this year, in South Africa. United Transport Internan South Africa.

The company announced yes tional, BET's traisport company erday that it had reduced its bolding in United General Investments 'nvestment in its South African (Pty) from 75 to 60 per cent. 'reight business by 15 per cent. UTI's South African partner,

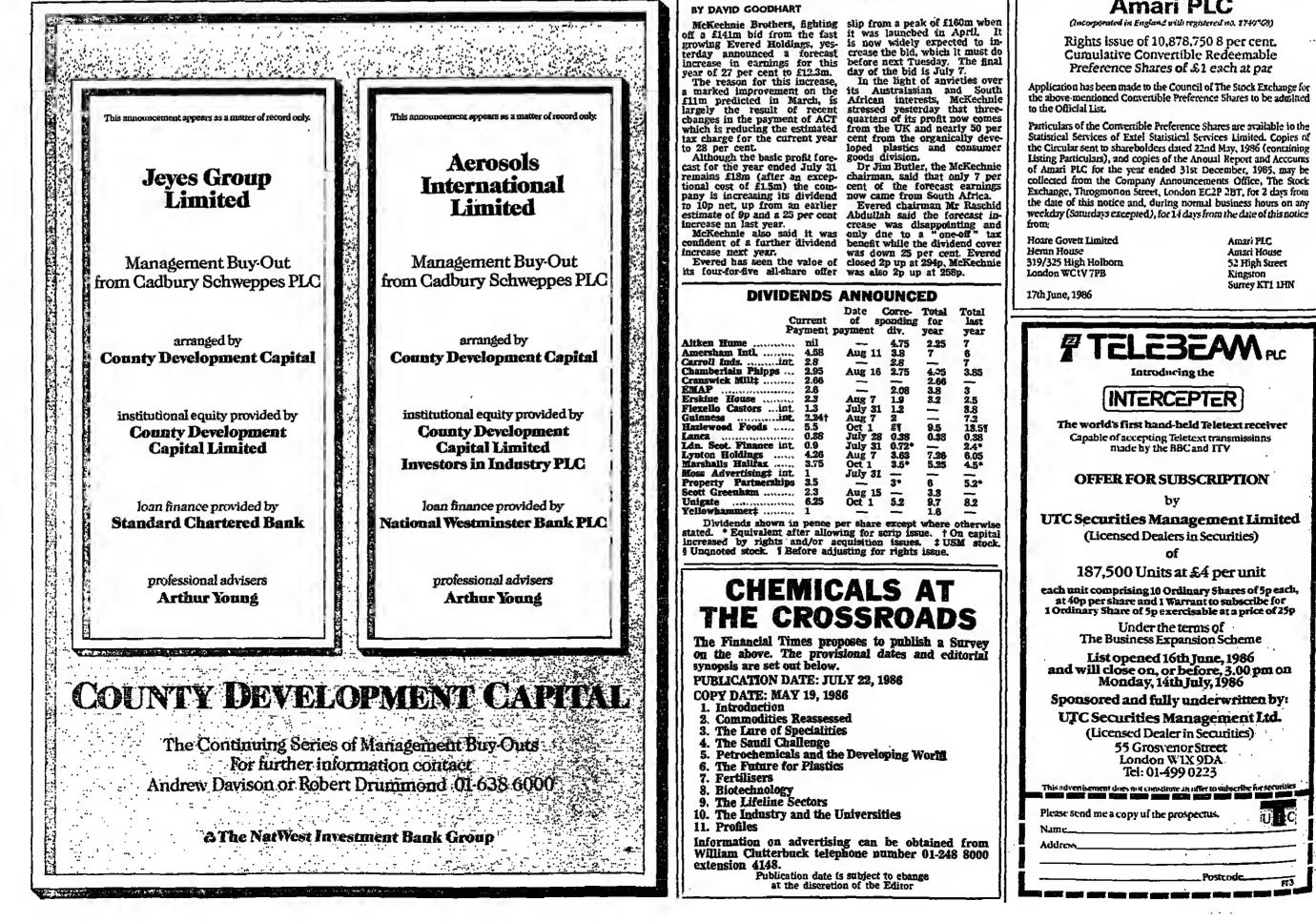
BET, the laundries, transport This followed a similar reduc-and construction services group, is making a small reduction in its South African crane com-R7m (£1.7m) in cash for further

sharps. South Africa contributed less than 2 per cent of BET's profits in the year ended March 31, after tax and minority interests. Mr Nicholas Wills, BET chief

executive sald,

Guinness shares closed 3p ut See Lex

sbares giving it around 75 per cent of the company. Some 54. per cent of ordinary share holders have undertaken to vot





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### **UK COMPANY NEWS**

# **EMAP** maintains growth with advance to £10m

newspapers, and exhibitions. "These ectivities yield high re-turns and offer prospects of sub-stantial and continuing future growth" they say. The group now has a strong restructured base following the sale of its retailing side (news-agents shops), and Beyond Soft-ware the withdrawal from magazine printing and pre-print business on the disposal of Heatset, and the acquisition of further newspapers and maga-zines. It also sold its holding of Reuters B shares for some f6m, and this was earmarked £6m, and this was earmarked for financing development.

GROWTH HAS continued at Turnover in the year came to E500,000 saving from the sale of EMAP, newspaper and maga-zine publisher and exhibitions fit, was analysed as to: group, and for the 53 weeks magazines f.7.5m atter launch orded April 5 1986 its pre-tars profit has moved up from £7.7m (£8.42m); newa-profit has moved up from £7.7m (£8.42m); newa-profit has moved up from £7.7m (£8.42m); newa-profit has moved up from £7.7m (£8.42m); newa-strategy is based on concentrat-ing in four areas-consisumer magazines, business magazines, newspapers, and exhibitions. "These ectivities yield high re-turns and offer prospects of sub-stantial and continuing future growth " they say.

324.5

net profit worked through at £6.36m (£4.46m) for earnings of

magazines, exhibitions, local newspapers and business maga-nines — into which its cash sur-plus of £10.5m will be channel-led. The "streamlining" looks like little more than a sop to the City, given that each core area encompasses the same fragmented structure. Yet this could stream WAP the bast of £6.36m (£4.66m) for carnings of 10.5p (7.3p) per share. There are extraordinary credits of £5.43m (loss £2.5m) including a gain of £4.79m in respect of the sale in Routers, a profit of £2.68m from the sale of retail ectivities and a loss of £2.25m on the disposal of the magazine printing business. The amounts included are net of tax after deducting costs of

of tax after deducting costs of

fragmented structure. Yet this could give EMAP the best of both worlds by presenting a slick facade to the City, while nurturing the entrepreneurial verve that has propelled its growth thus far. Analysis and cipate profits of £13m for the for financing development. Yesterday, EMAP cancelled the purchase of a 13.36 per cent stake in Home Counties News-papers. The dividend is being raised of 2.6p. Also proposed is a 3-for-4 scrip issue. **Comment Comment Comment** 

FTER ADVERSE movements in exchange rates and investing substantial amounts for the future, Amersham International has turned in pre-tax profits just ahead from £17.1m to £17.5m in the year ended March 31 1986. This represents an increase

Amersham ahead and

more growth seen

This represents an increase of 3 per cent, after a rise in turnover of 11 per cent to £119.76m and e lift in operat-ing profit of 6 per cent to £19.7m. Interest charges were ahead from £1.51m to £2.15m. The group is engaged in the development, manufacture and Sale of radioactive and related materials for use in medicine suce of radioscrive and related materials for use in medicine, research and industry. The high growth in investment in research and development has research and development has been maintained with expen-diture 25 per cent higher at \$12.6m. Two-thirds was devoted to medical prodocts. The increased spending is in line with the objective of around 10 per cent of sales and this running the two to sales and

send the shares scurrying up to 396p, before profit taking brought the price back to seep, up 12p. That is almost cause for celebration for e share this remains the target for the future. Capital investment continned at the same level at

• comment It says something about the City'e diminished expectations for the former wonder stock Amersham International that a

Instruct. Capital investment con-tinued at the same level at last time. Further profitable growth is expected in the current year. Exchange rates turned from being belpful in 1984.85 to the year just ended. Underlying growth of the business was maintained, and business that a consistently bigh file profit ettributable was file 227m (file.62m) for earnings file 24.5p (21.2p) per share. The final is 4.589. Commient

not expected to produce profits at the net level until next year. For the current year £21m pre-City'e diminished expectations for the former wonder stock shares on a multiple of ebout Amersham International that a 15, which still seems undemand-imere 8 per cent in pre-tax ing compared to others in the profits to £17.6m was enough to sector.

Amersham				
20-	Shamp Write Robustwa an F.TActuatries ALL-State MEDEX			
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1982 8	3 84 85 86			

### Amersham International plc

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A high-technology company providing specialised products for health care, life-sciences research, and industry.

#### Summary of results

for the year ended	1986	1985	Change
31 March 1986 (unaudited)	£'000	£'000	
Turnover	119,760	108,196	+11%
Profit before taxation	17,554	17,065	+ 3%
Profit attributable to shareholders	12,268	10,615	+16%
Total dividend per share	7.0р	6.0p	+17%
Earnings per share	24.5р	21.2p	+16%

its are an abridged version of the full accounts which will be filed with the Registrar of Comp

Sixth consecutive year of growth with volume trend maintained.

Earnings per share up 16% despite adverse currency movements.

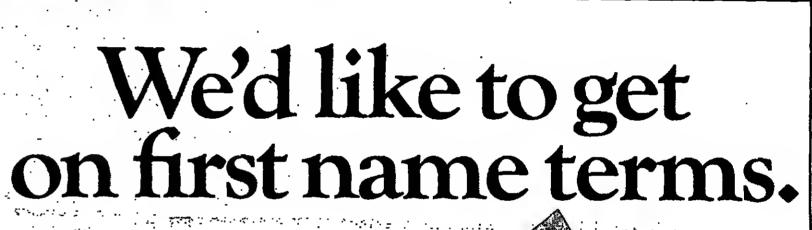
Increased investment in new products and facilities.

Further profitable growth expected in 1986/87.

The Annual Report will be posted to shareholders by 14 July, 1986. Copies may be obtained after that date from The Secretary, Amersham International pic, Amersham Place, Little Chaliont, Buckinghamshire HP7 9NA.

The Annual General Meeting will be held in London on 6 August, 1986.





PLEASE DON'T THINK we're advocating any unseemly informality. Far from it.



chased the strugging Barrett which to expand this grown photocopier, typewriter, word business. The rest of the one-for-two group based in Bristol. Over rights proceeds—which is priced the last three years, Barrett bas at 180p e share — will be used been a problem area for DRG— to repay short-term loans operating losses ranged from (about £4.5m at the year end)' almost £4m in 1983 to £1.7m and to fund further acquisi-last year and the subsidiary's tions, be said. Erskine's shares management has been in con-closed last night at 162n, down last year and the subsidiary's management has been in con-

stant state of fur. However, Mr Brian McGilliv-ray, Erskine's chairman and show pre-tar profits of £2.78m

**Former Bremner chief** 

Erskine House, the copier chief executive, was yesterday (£2.02m), on sales up £8.24m et rental, security and bureau de change group, announced e could achieve the costcutting fill. Im rights issue yesterday, necessary to put Barrett back final dividend is raised to 2.3p, along with pre-tax profits up into profit by next March. After more than e third to £2.78m in the purchase, Erskine will have the year to March and a £2m some 7 per cent of the UK After tax the company acquisition. From DRG, Erskine has pur-chased the struggling Barrett which to expand this growth photocopier. typewriter. word

of £298,000, being £428,000 from the sale of PPR Security offset by a book loss of £130,000 on the closure of the fire extin-guisher wholesaling business.

According to Mr McGillivray, the acquisition of Barrett will enable Erskine to tender for to look towards signing distri-bution agreements with major manufacturers of coplers. Barrett had a turnover of £20.2m in 1985. closed last night at 162p, down

USM quote for

#### Soundtracs By Richard Tomkins

hits back at criticisms BY CHARLES BATCHELOR

THE war of words at Bremner,

James Rowland-Jones.

Soundtracs, London-based maker of mixed consoles for the sound recording market, is coming in the USM at a value of fAm, through a placing of 2m shares at 40p a share. Mr Black said that when he The war of words at Brenner, Mr Black said that when he the Glasgow department store joined Brenner in April 1985 group, continued yesterday with "it was an out of date. loss-a counter-blast from Mr Michael making department store accu-Black, the company's former pying an enormous site which chairman, to last week's was far too large for its trading criticisms of bls management requirements." by the current chairman. Mr He rejected Mr Rowland-lames Rowland-Jones. Soundtracs was started in 1973 as a maker of discotheque

He rejected Mr Rowland-Jones' claim that the precipi-tate closure of departments at switched to the manufacture of Mr Black, who resigned in tate closure of departments at April, sent a two-page letter to Bremner had led to heavy audio mixing and sound anhancement equipment.

his version of the events leading up to the boardroom row which preceeded his decision to step

In his annual report, sent to shareholders last week, Mr Rowland-Jones put much of the blame for Bremner's loss of £1.03m in 1985-86 on Mr Black and on another director, Mr Lionel Casper, who resigned at the same time.

Mr Black asked in his letter: "Has be (Mr Rowland-Jones) forgotten that I alone didn't run Mr Black said be and asso-eiates owning 1.45m Bremner shares — 16 per cent of its equity — would vote against the confirmation of Mr Rowland-Jones' appointment the company, a siz-man board of directors did? Is he sug-gesting that the board were oblivious to the actions that were being taken each day?"

Mr Black also rejected Mr Bowland-Jones' criticism of his efforts to diversify the group. He said it was agreed board policy to investigate, with a view to acquisition, companies which were profitable and in a distinctive sector.

Mr Rowland-Jones said some of the invitations to join Mr Black on visits to companies were made et too short notice for him to do anything.

in setting up a second manufac-turing unit in the north of England.

#### **GROUP ACTIVITIES**

Manufacturers of investment and shell castings, ferrous and non-ferrous forgings. Electrical and mechanical repairs, installations and electrical urface heating equipment.

#### RESULTS

Year anded February 2001	1966	158
	£'900	£700
Turnover	42,371	37,89
Profit before tax	2,121	1,52
Texation	(578)	(28
Profit for the financial year	1,443	1,23
Dividend per share	Sp.	6.3
Earnings per share	27.Ap	23.4
	•	

I am pleased to report further sound progress in 1985/86 with e profit before taxation of £2, 121,000, an increase of 40% over the pravious year. Sales were also up by 12% to £42,371,000. Both of these figures are the highest recorded by the group. Overseas sales reached a new level of £7.8m, representing 18% of total group turnover.

Whilst as was the case this time last year, the group has started the year quietly with relatively short order books, the level of new activity being dealt with enables me to look to the future with confidence.

David J. Mead, Chairman

Copies of the full Statement and Accounts can be obtained from the Secretary.

THE DERITEND STAMPING PLC

St. Richard's House, Victorie Square, Droitwich, Worcestershire WR9 8DS

Its consoles are used in studio

recording, live performances, film and video post-production, radio and television. More than 80 per cent of production is exported and it claims 2 per cent of a clobal maritef cent of a global market.

Pre-tax profits have risen from £8,000 in 1981 to £329,000 for the year to last November on sales up from £287,000 to £1.8m. For the present year, th company is forecasting profits of at least £500,000, putting the

shares on a prospective price/ earnings multiple of 11.9.

All of the shares being sold. which represent 22 per cent of Soundtracs' enlarged equity, are new and will realise about

£500,000 net. Mr Todd Wells, chairman, says the proceeds will aid research and development and may ultimately be employed

#### Tan Sri/Exco

Tan Sri Khoo Teck Pust, the Malaysian businessman, bas bought a further 1.75m shares in Exco International, the money broking group, taking his total bolding to 63.95m shares or 27.3 per cent of Excore equity.

### Henry Denny

receiver has been ated to Henry Denny and Sons (Ulster), a subsidiary of Heary Denny and Sons, bacon curer and meat packer, whose shares were later suspended pending a further announce ment.

The ultimate holding com-pany is E. M. Denny. The pany is E. M. Denny. The board says the remaining group companies, Henry Denny and Sons and E. M. Denny and Co., will continue to operate and are not under the control of the receiver.

### U.S. \$270,000,000

#### BANQUE FRANÇAISE DU COMMERCE EXTERIEUR Guarantaed Floating Rate Notes Due 1996

For the three months June 17, 1986 to September 17, 1986 the Notes will beer interest at 7.185% per annum. US\$18.31 will be payable on Sep-tember 17, 1988 per \$1,000 nominal amount of Notes.

#### LADBROKE INDEX 1,322-1,329 (+6) Based on FT Index

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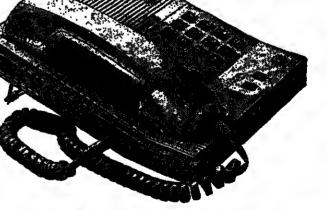
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### **UK COMPANY NEWS**

# Framlington expauds in unit trusts

30

venture with a Pennsylvanian Laurence Prust. firm, Pilgrim Baxter Hoyt and Throgmorton Greig, to market an inter-national investment manage-

ment service to pension funds in the US and Canada. Trust which since 1983 has

BY CLIVE WOLMAN Framilington Group, the unit trust managers, yesterday announced an agreed £12.5m bid for Throgmorton Investment ment management record, it ment. Framilington is in the process of being spun off from lington Investment Management, which will have assets under management of £1.2bn, aims to expand its pension fund man-agement operations. In another deal announced yesterday fram-lington is to form a joint venture with a Pennsylvanian Haurence Prust. Haurence Prust.

they have investment trusts, which will offer us greater stability of income." He added that the two investment man-agement teams would he ahle Throgmorton bas £400m

under management, of which to pool their expertise in the over balf is in the Throgmorton small company sector. small company sector. Framlington will pay the 1985, Throgmorton's pre-tax in the US and Canada. Trust which since 1983 has Framlington will pay the 1985. Throgmorton's pre-tax Framlington was set up by launched two controversial take- shareholders of Throgmorton in profits were £1.4m and those of partners of tha stockhrokers over bids for other investment the form of preference shares Framlington were £1.9m.

and abroed.

and managing director, says that in the current year he ex-

pects each division to provide good organic growth while the group will continue to seek sound acquisitions both here

The chairman etates that sub-

expanding the range of services

the conversion of their stakes Throgmorton Investment in

relations, publishing and pro

motions division. Both of these

new operations are already con-

tributing to profits, he adds. The group has also continued its policy of investment for the future. Domino, the artwork

and production services sub-sidiary bas moved into 10,000 sq ft premises in Holborn, London,

to provide additional room for

### London Scottish Finance up 13%

A 13 per cent increase gives London Scottish Finance Landon Corporation a pre-tax profit of £954,000 for the half year ended April 29 1986, compared with £845,000,

New business activity was particularly strong in November and December, the directors report. It slackened off during the rest of the period hut is now showing signs of revival.

showing signs of revival. Turnover moved up to £6.8m, from £5.89m, and financing costs were higher at £756,000 (£600,000). After tax £270,000 (£260,000) the net profit for the period comes to £684,000 (£585,000), for earnings per 10p share of 2.9p (2.5p). The interim dividend is increased to 0.9p net, against a scrip adjusted 0.72p at a cost of £215,000 (£170,000).

 comment Plying financial services to hute collar workers has done little barm to the Trustee Sav-ings Bank, nor to London Scot-tish's profits growth. In many ways this set of results reads like a paradigm of perfect reporting with respectable in-creases in both turnover and profits, but with turnover increasing at a marginally faster increasing at a marginally laster rate. The demand for personal loans was fairly erratic in the first six months of the financial year, but has increased markedly in recent weeks buoyed hy the advent of summer holidays and lower interest rates. London Scottish anticipates increased demand for the rest of the year and is prepared to exment was some destocking hy customers and this adversely

anected turnover in March— over the period it was little Earnings for the period are changed at £6.41m. However, 4.65p (7.35p). The interim divi-the current order book reflects dend is raised to 1.3p (1.2p) net. affected turnover in March

results beat forecast

# plans expansion LYNTON HOLDINGS, engaged in property intestment, and, development, increased its 1985-86 profits by £931,000 to £2.37m pre-tax and is looking to the future with confidence. The directors say with the benefit with of cash and sub-stantial facilities the company Moss Advertising hit by

### Chamberlain Phipps hit by setback in overseas footwear

1986 still showed a reduction,

from £5.64m to £5.14m. The group makes sealants and development in the manufacfootwear components. UK oper-ations increased their profits, growth in the current year, but but the overseas side involved he hopes there will not be the in the manufacture of footwear same adverse effects from components suffered a setback, fluctuations in exchange rates.

components suffered a second, encountering particular diffi-culties in North America and ing profit fell to f6.43m currency conversions. In Vinaflex Canada, profit was (16.75m) and interest charges were £1.32m (£1.14m). By the boundary in the cost of a sub-

In Vinanex Canada, profit was depressed by the cost of a sub-stantial factory relocation from which benefit will come this rear, and Vinafex America was closed and full provision of £1.28m made as an extraordin-ary item. (5.14m). By the year-end borrowing had been tu by £1.2m. Earnings for the year dropped from 7.82p to 6.87p, but the dividend is lifted to 4.05p net (3.85p) with a final

4.05p net (3.85p) with a heat ary item. Despite introduction of new of 2.95p. products, these could not com-pensate for loss of sales follow. minorities £402,000 (£335,00) ing the decimation of the American footwear manufactur-for the footwear manufactur-for the footwear manufactur-footwear manufac

SECOND HALF profits of ing industry because of sharply net halance at £2.45m (£2.79m). Chamberlain Phipps improved increased imports, explains the over the first, but the result chairman Mr Frank Chamber-for the year ended March 31 lain. Use sufficient Vineffer Vineffer attributable profit well short at He says that closing Vinefler

increased interest charges (up from £38,000 to £81,000 in the

stored gross margins to acceptable level.

half).

**Cranswick Mill record** 

covering the dividend cost. America, as well as further comment

> Unexciting figures from Phipps Chamberlain, which wcre presaged by the interim results. The shoe components division held no well in a stalic market and the closure of the loss-making American plant will allow this year's figures to show further growth. Adhesives, once the great hope of the company, have not yet benefited from management changes and the management changes and the outlook remains dull for this year. Profils are likely to climb only to £5.5m, which on a 35 per cent tax charge puts the shares at 87‡p. on a prospective p/e of 9.5. Even at that level, the shares need the support of the 6.7 per cent yield.

**Carroll static** and warns of second half fall

PRE-TAX profits improved slightly in the six months to the end of Merch 1886 for Carroll Industries, the Dublin-based cigarette and tobacco manufacturers. However direc-tors warn that problems in both the tobacco and phermaceutical divisions could result in a fail for the year as a whole.

On turnover np et If142.39m (ft28.27m) against If134.51m pre-tax profits were £6.18m (f6.04m). From earnings per share of 6.9p (6.8p) the interne payment is being mentained at 2 Sn The strong pound hit the Australian subsidiary and it in-curred an operating loss. Price increases, however, have re-2.Sp.

The tobacco division main-tained its share of the falling Irish bome market, slightly offset by a small increase io exports, Operating profits showed an increase after a favourable exchange rate ad justment.

However since the end of the period the export outlook has deteriorated and the factory is vorking short-time.

In pharmaceuticals, operating profits remained the same despite a rise of about 6 per cent in sales. With the apprecia-tion of the Irisb punt against sterling directors expect second half pro6ts to fail.

Millward better than expected at £902,000

Compared with a forecast of £870,000, Millward Brown, the market resarch concern which joined the USM last November, produced pre-tax profits of £902,000 for the year ended March 31 1986. This is against a previous record £508,000, a rise of 78 per cent.

Turnover expanded by 28 per cent over the 12 months from £5.18m to £6.63m.

Mr Maurice Millwerd, chair

### Yellowhammer above forecast Greenham Yellowhammer, the advertis-ing agency which came to the USM last July, has achieved taxahle profits 7 per cent above forecast at £1.23m for the year ended March 31 1986. This is compared with a previous £650,000 after an exceptional dehit of £129,000. Mr Jon Summerill, chairman

dehit of £129,000.

up 47%

Scott

Scott Greenham Gronp, a specialist beavy lifting and access services company, lifted pre-tax profits by 47 per cent from £2.09m to e record £3.08m dent of £129,000. And from earnings per 5p share of 6.9p (3.2p) share-holders will receive the prom-ised 1.6p dividend, with a final for the year ended April 3, 1986.

After adjustment for the benefit of new money received following the company's listing in April 1985, this increase represents an organic growth in profits of about 25 per cent. Turnover for the 52 weeks

gran from which operating offered to clients with the who to profits of £918,000 (£689,000) setting up of Propeller, a new have y were derived. These were high technology typesetting to the boosted by interest receivable company, and Axle, a public dends. was £t4.34m (£13.15m for 53 weeks). Tax charge remained at 35 per cent and took £1.08m (£735,000) giving stated earn-ings per share up from 8.45p to 10.02p. A final dividend of 2.3p makes a net total of 2.3p makes

a net total of 3.3p per sbare. This represents a 10 per cent in-crease over the dividend which would have been payable had the shares been listed during the previous financial year. The group has concentrated

efforts on giving hreadth to its product base by consolidating its moves into specialist contract heavy lifting and the access industry.

A number of acquisition opportunities have been under review and the board expects this work to bear fruit in the

The group's involvement in the access industry expanded rapidly in the year. It now operates 250 units out of five depots, compared with 100 units out of three depots at the time of flotation

**Courtaulds Clothing up** 30% to near £20m mark Courtaulds Clothing, a sub- positive contribution of sidiary of the international £227,000 (£78,000 loss). Sbare textiles, chemicals and indus- of related company losses was textiles, chemicals and indus-trial products group, lifted pre-tax profits by 30 per cent from payable, net of investment \$49,000 (£136,000) and interest tax profits by 30 per cent from payable, net of investment \$15.03m to £19.53m in 1985, income, came to \$4.01m, External turnover rose hy 9 per (£3.13m). Cent from £373.22m to £408.36m, There was steady growth in

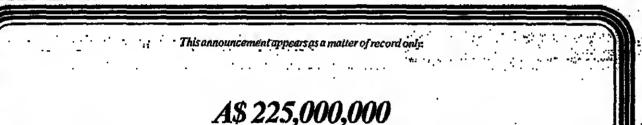
payment of tp. Turnover expanded from £17.68m to £26.18m during the

There was steady growth in sales in all the company's busi-Margins came under nesses,

(23.13m), Earnings per share rose from 14.8p to 18.59p, before extra-ordinary items. UK tax, includ-ing ACT, took £24.000 (£25,000)

stantial organic growth was expansion of the studio plus achieved from the core busi-nesses of Yellowhammer company. Advertising and Domino while Both Mr Summerill and Mr

nesses, Margins came under presure, Results and prospects for the operations continued to benefit from the increased rate of expenditure on technology, tion profits, accounted for Concentration on design and management development re-mained key policy in all areas, nounced an 11.5 per cent rise UK operating profits in-treased from £18.37m to to £143m for the year ended £23.36m, while overseas made a March 31 1986.



Both Mr Summerill and Mr Jeremy Pemberton, director, who together own 7.78m shares, have waived their entitlement to the interim and final divi-

**Partnerships** 

Property Partnerships, the investment and hotel owning group, reports a pre-tax profit of £1.13m for the year ended March 31 1986, against £1.12m. The dividend is 8p (equivalent to 5.2 per cent) with a final of 3.5p from earnings of 14.8p (12.4p).

Property

At March 31, net assets attributable were 341p per share, before potential CGT. Investment properties have been valued at £15.13m (£14.18m).

Balance of assets replacement reserve—£425,000—has been written back to retained profit, as this is considered no longer necessary.

### RECORD PROFITS in the pig started encouragingly. The in-feed and grain divisions helped stallation of a second produc-cranswick Mill Group achieve tion line, increasing pig feed its best pre-tax profits of production by 60 per cent, is 5840,000 in the year to March 29 almost complete and the com-1986. That was 23 per cent up pany has been strengthened to on the previous year's £685,000 allow it to increase market and above the forecast of sbare. £825,000 when the Humberside fanimal feed company joined the pigs being sold through the livecessful forays into other areas. Venture capital, for example. has absorbed a great deal of effort and energy in the last year or so for relatively littla return. animal feed company joined the pigs being sold through the live-unlisted market at the end of stock division remains buoyant unlisted market at the end of last year. It was achieved on turnover np hy 4 per cent from £34.24m to £35.6m. Earnings per 10p share came out at 11.6p (10p) and, as forecast, there was an taking £149,000 (£37,000) the initial dividend of 2.66p. Mr Bichard Marginson, chair. £368,000. Lynton Holdings hits £2.4m and

Changing pattern cuts Flexello first half A SHIFT in the pattern of that normal ordering pattern profits has led to Flexello Castors & Wheels showing e reduction in the first half, to March 31 1986, from £433,055 to £268,491. In the half year the group has incurred above normal costs in restoring and improv-ing customer services, which

in the naif year the group has incurred above normal costs in restoring and improv-ing customer services, which could not be maintained in the last quarter of the previous year because of very high demand. demand. One effect of the improve-

relatively modest 140 per cent -to accommodate it. If in-creased use of credit cards has eaten into demand for small personal loans, London Scottish

to stick to its core area of activity after a series of unsuc-

personal loans, London Scottish has been more than com-vensated by the rise in demand for its debt collection facility. An acceleration in profits to £2.25m seems feasible for the year as a whola producing a p/e of 8.5. Yet there is little scope for growth in the multiple given that the company intends to stick to its core area of

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May 1986

is well placed to take advantage of opportunities. Gross rental income for the past year (to March 31 1986) improved from £3.96m to £5.17m and income from invest-55.17m and income from invest-ment properties expanded from £3.03m to £4.07m. Profit from property trading amounted to £37,000 (£293,000). Earnings came through at 14.38p (13.19p) after tax of £382,000 (£48,000 credit) and a final dividend of 4.26p (3.63p) makes e total of 7.26p (6.05p) net per 20p share. proportion of space sales com-pared with higher-margin pro-At year-end net borrowings stood at £10.37m (£13.31m) allowing for bank balances and duction. Provision was made in full for doubtful debts totalling £110,000. Some recovery is and debtor cash amounting to £4.71m (£3.19m).

loss of a major client

THE Moss Advertising Group saw its profits fall from terminated at a cost of £30,000. £231,000 to just £7,000 pre-tax in the first six months to appointed finance director. He February 28 1986. The directors blame a the group's anditors. number of factors, including Earnings emerged at 0.42p the loss of a major client whose (4.3p) and as promised at the annual billings were expected time of entry to the USSt last to be in the region of f1m. A substantial amount of new being paid amounting to 1p per business gained during the 5p share.

man, says the profits rise reflected a marked improvement in margins associated with tighter controls and more efficient systems. He adds that the company has further broadened its client hase over the past year and new clients include Bowater Scott,

**James** Crean

Ford Motor Co, Lever Bros, W. H. Smith and Sealink. Progress has been made in advertising tracking studies, a James Crean has received acceptances for 95.6 per cent of the 4.54m shares it issued through a one-for-four rights, technique enabling advertisers to assess their effectiveness (£3.19m). A revaluation of investment properties threw up a surplus of £1.54m (£1.63m). Net asset value increased to 423p (409p).

### **Marshalls Halifax expansion continues**

Marshalls Halifar has in-held at £ creased its pre-tax profit by 20 its profit per cent to a record £7.19m in £960,000. the year ended March 31 1986, A heft and this confirms the continued earnings and planned expansion of the 12.11p. J group, says the chairman Mr is raised David Marshall, 4.5p to 5 per cent to a record £7.19m in the year ended March 31 1986. A hefty tax charge leaves and this confirms the continued and planned expansion of the group, says the chairman Mr David Marshall. He adds that as to the current promising start." In concrete and quarrying sales rose to £54.35m (\$46.39m) and trading profit to £6.82m (£5.78m). This side continues year, "we have made a promising start." In concrete and quarrying sales rose to 554.35m (546.38m) and trading profit to £6.32m (55.78m). This side continues to reap tha benefits of sus-tained investment programme in both extra capacity and more officient machinest • comment efficient machinery. In engineering turnover was

IMPORTANT

ANNOUNCEMENT

Emap's preliminary

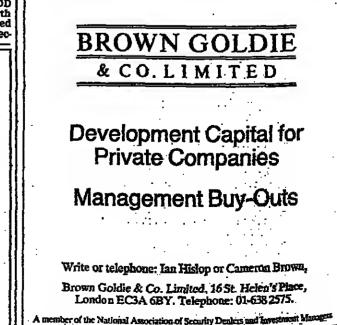
results are announced

today on page 6

and the second close of the

MARSHALLS HALIFAX ADD Another year of sturdy growth for Marshalls Halifax produced pre-tax profits well np to expec-

held at £14.99m (£14.59m) but tations; but earnings dilution its profit rose by 26 per cent to from the December 1984 rights tations; but earnings dilution so attracted a declining rate of from the December 1984 rights tax relief with consequent issue and a tax charge soaring damage to earnings. The past from 18 per cent to 35 per cent year, however, has probably took its toll at the net profit marked tha bottom of the line. In that sense the booming which grew by 28 per cent last which grew by 28 per cent last stong volume growth by hang-strong volume growth by hang-but the capital spending on new for what should now become a creating on to its 35 per cent ahare, of 12 seems a fair enough rating but the capital spending on new for what should now become a so attracted a declining rate o



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Financial Times Tuesday June 17 1986

Tuesday days

# The British are really of g for Gold. (Just pe of the case why our earnings be grown a healthy 34%)

31

In 1985, St Ivel Gold, Unigate's low-fat spread, outpaced all competition to achieve sterling brand leadership in the yellow fat and margarine market.

We were pleased, but not surprised.

Because it's many years since we predicted the UK-wide trend to healthier living-and started investing in new products to meet new shopping and eating habits.

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> Also in 1985, Shape-one of the most successful retail grocery brands of recent years - continued its meteoric rise.

Our poultry products (which, again, appeal to the health-conscious) produced dramatically increased profits.

Malton Bacon Factory broke all previous

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minues

export records.

And thanks in part to the success of our low-fat milks, we succeeded in reversing the recent decline in milk sales.

Nor is it only our UK food interests that continue to put on muscle.

Wincanton capped a successful year by adding Arlington Motor Holdings and its two Mercedes franchises

to an already vigorous team of motor and transport companies.

Casa Bonita added 16 restaurants to its expanding US chain.

And Giltspur-despite a difficult year FOOD · TRANSPORT · of hectic competition-still reached the finishing INDUSTRIAL SERVICES line with a return on capital employed that has most companies beaten hollow.

The final result: Group pre-tax profit up by 30% to £82.8 million, and earnings per share up by 34%. For the full story, send the coupon for a copy of our annual report, which is published on 1 July 1986. You'll find it a very good read.

> If you would like a copy of the 1986 annual report, please write to: Public Affairs Department, Unigate PLC, Unigate House, Western Avenue, London W3 OSH.

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EDITED BY CHRISTOPHER LORENT

### **THE MANAGEMENT PAGE: Small Business**

# **Rolling the dice on** a cure for cancer

#### Terry Dodsworth on the exceptional support available for US risk-takers

not a business which looks, on start-up companiea. the face of it, particularly appealing to small companies.

The average gestation period for a successful new product is generally reckoned to be around seven years—while develop-ment costs run typically to in 1931, and the second in a between \$30m and \$40m. Tho further \$50m issue five months practicalities of such an expen-sive, intensely research-based cetus bad raised about \$30m in practicalities of such an expen-sive, intensely research-based activity tip the balance heavily in favour of large established enterprises,

Yet it is not impossible, says Bob Fildes, chief executive of the Californian-based Cetus group, for a small business to break into the drugs field. Indeed, he believes that Cetus, one of the earliest and largest of a batch of entrepreneurial bio - technology companies launched in the US over the past 15 years or so, is well abead of some much larger rivals in development work on two anti-cancer, geneticallyengineered products, Betaseron and Interleukin-2.

"Stage two clinical trials on onr products have started already," he says. "I don't think wo shall be beaten."

Cetus's strategy for putting itself on the medical map, starting from little more than some bright ideas from a group of experienced research scientists in 1971, would probably bave found it far barder to attract such large sums of private sector finance in any other country.

In many ways, the company's growth underscores the excep-tional degree of support that is available to risk-takers in the US from a variety of aourcesthe tax system, private investors willing to roll the dice on a new idea, and the country's all-pervadiog entrepreneurial spirit.

All these things have eoabled lt to raise equity finance on a scale—\$190m so far—that permits Cetus to compete on more or less equal terms against much longer established 

for the next two to three critical the current two it will hand over the balance, years. Two elements in particuhar in the financing arrange-ments illustrate the depth of

DRUG MANUFACTURING is the resources available to US investments the partners make can be written off against tax-The first is the access to meaning that individuals who public equity funds. These fall into the 50 per cent tax have flooded into Cetus on two bracket are effectively only bracket are effectively only putting \$50,000 at risk. Once the products backed by the separate occasions, the first in a \$110m offering nn the Naadaq patrnership are on the market, the investors receive a 7 per cent royalty on sales, a favour-

> private venture capital. cent capital gains rate. Admittedly, the original funds were raised at a time when Finally, there is a further potential kicker for the partners in the form of an option for Cetus to buy out the timited partners' share in the invest-ment organisation for \$19m., giving them each a potential capital gain of \$25,000 (also tared favourably), while they retain the royalty rights to the products in the US for around another 10 years. when it was surviving mainly when it was surviving mainly by doing cootract work for tonger corporations in agriculture and bealth care.

Generous

Tha second unusual aspect of

the financing lies in an invest-ment device called a limited

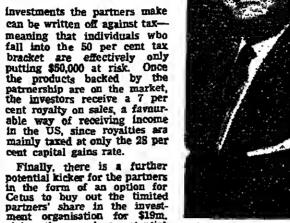
Only a bandful of British companies get involved with small outside ventures for the partners but they are in this way. After tho issue, these three heavy-woight 30 to 35 per cent," says Fildes. supporters, Amoco Technology, "For the company, the partner-Chevron and National Distillers ship is a very attractiva fin-and Chemical Corporatioo, were left with 47 per cent nf Cetus, steady flow of research and development dollars, along with Only a bandful of British and Chemical Corporation, were left with 47 per cent of Cetus, since dituted to just under 30 per cent. The fact remains, howdevelopment dollars, along with final ownership of the products if it exercises its options." ever, that the funding opera-tions bave teft Cetus sitting on

an ample cushion of \$135m currently bringing in interest income of about \$10m a year.

Cetus has found one other avenue of finance which might not be so readily available else-where in the world — joint ventures with targe corpora-tions. In these deals, the com-pany has linked up with three blgger groups — W. R. Grace, Perkin-Elmer and Kodak--to provide research skills in new technologies which intereat its technologies which interest its partners. Cetus has stood out for equity stakes of around 40 per cent in each of the joint projects, avoiding the usual royalty-only agreements which are often foisted upon smaller

ment device called a limited research and development partnership, employed exten-sively by US venture capital groups, Investment partner-ships consist of groups of wealthy investors normally assembled by Wall Street investment banks, and willing to not an bick-tick money to With W. R. Grace, the to put np high-risk money to cotrepreneurs. In return, the investors receive generous tax breaks and the promise of chemicals company, for example, Cetus is working on the exploi-tation of biotechnology tech-niques in agriculture, and with eventual above-average returns. Perkin-Elmer, the precision instrument group, it is involved in biotech instrumentational devices.

Because of the income flowing from the research partnership and the interest on its cash hoard. Cetus has been able to ver the balance. Virtually 100 per cent of the



Sob Fildes: not impo ssible for a small business to break into th drugs field

of the various R and D funds as income, rather than the sale of drugs. Real profits will only begin to flow if it can make the transition tn a fully-fiedged com-pany with successfully developed products being pushed down its own production lines and into the market.

Fildes contends that, having largely overcome the financing problem, a small company like Cetus standa just as good a chance as a larger, established organisation in the race for improved cancer therapies.

Since there are only about 600 significant cancer-treating institutions in the US, covering the market is a relatively easy proposition compared, say, with selling an anti-biotic—it can probably be done with a sales-force of between 50 and 100.

At the same time, the market is so large, and expanding so fast, that there is no reason why a small company should be crowded out. Cetus believes that sales of cancer drugs in the US alone stand at around \$2bn today, and will grow to about \$6bn in the next 10 years.

"If we only capture 10 per cent of that," says Fildes, "We shall be generating \$600m. It is not an unreasonable target to think about becoming a \$1bn company by the end of 1995." company by the end of 1995." These are clearly lofty aims. But the risk takers who are backing Cetus are clearly giving the company a fair chance of attaining some of its targets. At current prices, its shares stand on a price-samings ratio of around 600.

### In brief... MARCH Investment Fund, the three-month-old Manchester-based venture capital group, has just completed its first

investment. The £5.4m vehicle, formed in response to a dire shortage of venture capital in the

north of England, has not film - a little over half the fotal purchase price - into the management buy-out of Bull-dog Tools, the Wigan maker of garden implements. March is prepared to invest sums of between £250,000

and £1.5m in established ventures. Details from Richard Marshall on 061-834 (INVESTORS IN

INDUSTRY) is affering what it claims to be a new kind of toan for businessmen tooking for fierible tong term finance.

... to finance new ventures or refinance existing borrow-ings at very favourable terms," says Derek Sach, 3r's London divisional director. Detalls from Sach at 3i, 31 Waterloo Road, London SE1 8XP.

THE SMALL Business Action Rit, a 125-page compilation of checklists and guidance for small business advisers, has just entered its second print-

ing. Nobody is more delighted than Macclessield Business Ventures, the Cheshire-based enterprise agency, because it is receiving all the royalties. They are the gift of the book's author, John Rosthorn, the agency's founder director, who used the experience of 1,500 counselling sessions with small businessmen at

Amulally, mix will get a £7,500 per year income from the book — making it one of its largest as well as most unusual sponsors. Rosthorn was seconded to MBV from ICI for two years. He reinmed last summer in find himself promoted to distribution manauthors.

Copies of the Small Bu ness Action Kit cost £9.95 from Kogan Page 120 Pen-tonville Bond, London N1 5JN.

# Fund managers' lament

BES vehicles face a new threat, reports William Dawkins

BES FUND managers are up in to examine whether present arms over a clause in the Finan- regulations are too tnugh. Neverthcless. BES funds are cial Services Bill that threatens very anxious that the advertis-

The proposed ruliog will pre-vent advertising by unauthor-ised unit trusts — a legal structure which far various reasons BES funds are com-pelled to follow—hut does not affect the increasingly popular dividual companies direct to the public. wery anxious that the advertis-ing ban might still sip through the net. "It will certainly affect the viability of a number of funds and will certainly restrict our own." says Donald Work-man of Castleforth Fund Managers, which handles £2.6m of BES investment. Funds are under greater pres-sure than ever before to market

aggressively to a public which is tending to perceive macaged BES vehicles as dull and pedessmaller funds without tinks to stockbrokers' or banks' private clients could be forced to with trian. "One of the attractions of the direct issues is a sense of draw from the scheme if the being able to pick winners—a bit like a race card, while funds seem safe and boring. We are ruling goes through. This could not come at a worse time for BES funds because they are being pushed increasingly into up against a serious marketing a backwater by a growing flood of direct issues. Under the BES, private individuals can claim tax relief for investing in problem," says Workman. Revealingly, County Bank Development Capital, one of the biggest players to the BES fund business with £6.4m under its control, has decided not to taunch a fund for the time being

tar relief for investing in unquoted ventures. Members of an informal group of 12 leading BES funds managers bave pleaded with the Department of Trado and Industry for a rethink. The Bill completed its Commons this year, though it stresses it might change its mind later. Department of Trado and might change its mind later. Moreover, BES tunds cannot Industry for a rethink. The Andrew Davison, the develop-Bill competed its Commons ment capital group's managing ban by turbing themselves into stages last week, but the DTI director, explains: "There are investment trusts, since that is expected to publish a con- a lot of specific issues right now sultative paper on unit trusts and fund investment is rather within the next fortnight or so time consuming compared with

some of our ohter activities" Several other top BES fund management groups believed to be thinking along the same lines.

Workman, however, plans to go ahead with bis third Castleforth fund later this year, while Charterhouse, Lazard, Hoare Octagon and Alpha, among others, have already started to pitch for investors casn.

Edward Cumming-Bruce, a director of Alpha BEF Manage-ment adds: "It is undoubtedly had news," though it is good news for bis lawyers who are busy looking for ways in which BES founds might he able BES funds might be able to avoid baving to set up as unauthorised unit trusts.

The problem is that while the Bill will permit authorised unit trusts to advertise, unit trusts cannot be authorised unless they guarantee that investors will be able to trade units at will—a facility which any fund for unquoted shares would find extremely difficult to offer. Moreover, BES funds cannot escape the proposed advertising ban by turning themselves into investment trusts, since that

products to new customera.

As a result, any market re-scarcb which did take place tended to be informal. Typic-

ally, macaging directors' sales efforts would include product

discussions with existing cus-tomers-a third of the busi-

nesses surveyed only manufac-tured to customers' designs-

which did little to broaden the

Watkins and Blackburn con-

sales base.

### Marketing ignored at peril

ALL TOO many British owner keting department. Nearly 90 vices over the past five years managers feel that marketing per cent of the sample bad up and accordingly tended to con-and market research are to 50 staff, yet the average out-luxuries they cannot afford. and market research are inxuries they cannot afford. Emerging high technology keting was a mere 1.19 per business. Only a quarter of the ventures in particular tend to spend their early years dealing primarily with sub-contracted work from a small oumber of managers surveyed claimed to have some previous marketing experience "which is relatively small given the importance of customers, a situation which can easily jull them into a false marketing in business developmeot," say the authors. sense of security and over-dependence on a few key

This lack of experience makes it all the easier for small businesses to slip inlo comfortable sub-contracting arrangements, often built on cootacts which the founder bas "poacbed" from previous employment.

This situation "can make tha newly formed small firm very firm is based on day-to-day survival rather than following a well thought-out marketing plan. This deficiency in market-ing can and often does cause crises to occur," warn the authors vulnerable to the fortunes of vulnerable to the fortunes of these few buyers and this is a common barier to growth or reason for failure," warn the authors. If success is to be pos-sible, the small busines bas somehow to break out of this dependence.

They interviewed 106 owner. managers of small electronic and electrical ventures in Dor-set and found that less than haif of them had a sales or mar. dependence. But that is not as easy as it sounds. More than 80 per cent of the companies surveyed had developed new products or ser-

cede that day-to-day pressures on owner managers are intense. They add: "The need to add marketing skills increases this pressure, at least in the short term, but is necessary if the chances of survival are to be maximised." Dereloping Marketing Skills in Small Business, by Trevor Watkins ond Robert Blackburn, Dorset Institute of Higher Education, Department of Busi-ness Management, Wallisdown Road Poole Darist BH12 SPR 調発的

ness Management, Wallisdown Road, Poolc, Dorset, BH12 SBB. WD

OPPORTUNITY ARE YOU AN

MBV to create the book. If, as the publishers expect, sales reach 10,000 volumes annually, MBV will get a buyers. The pressures oo such businesses to ignore marketing are underlined in a report by Trevor Watkins and Robert Blackburn of the Dorset Institute of Higher Education's Department of Business Man-"Generally life io the small

ager of the pharmacenticals division; proof to amrious enterprise agency managers that there can be life after



The so-called "reverse droplock" allows tong term borrowers to pay fixed interest rates for the first

three or five years with the option to switch to variable rates thereafter. "We believe there is now

a tow plateau in interest rates and this offers an opportunity

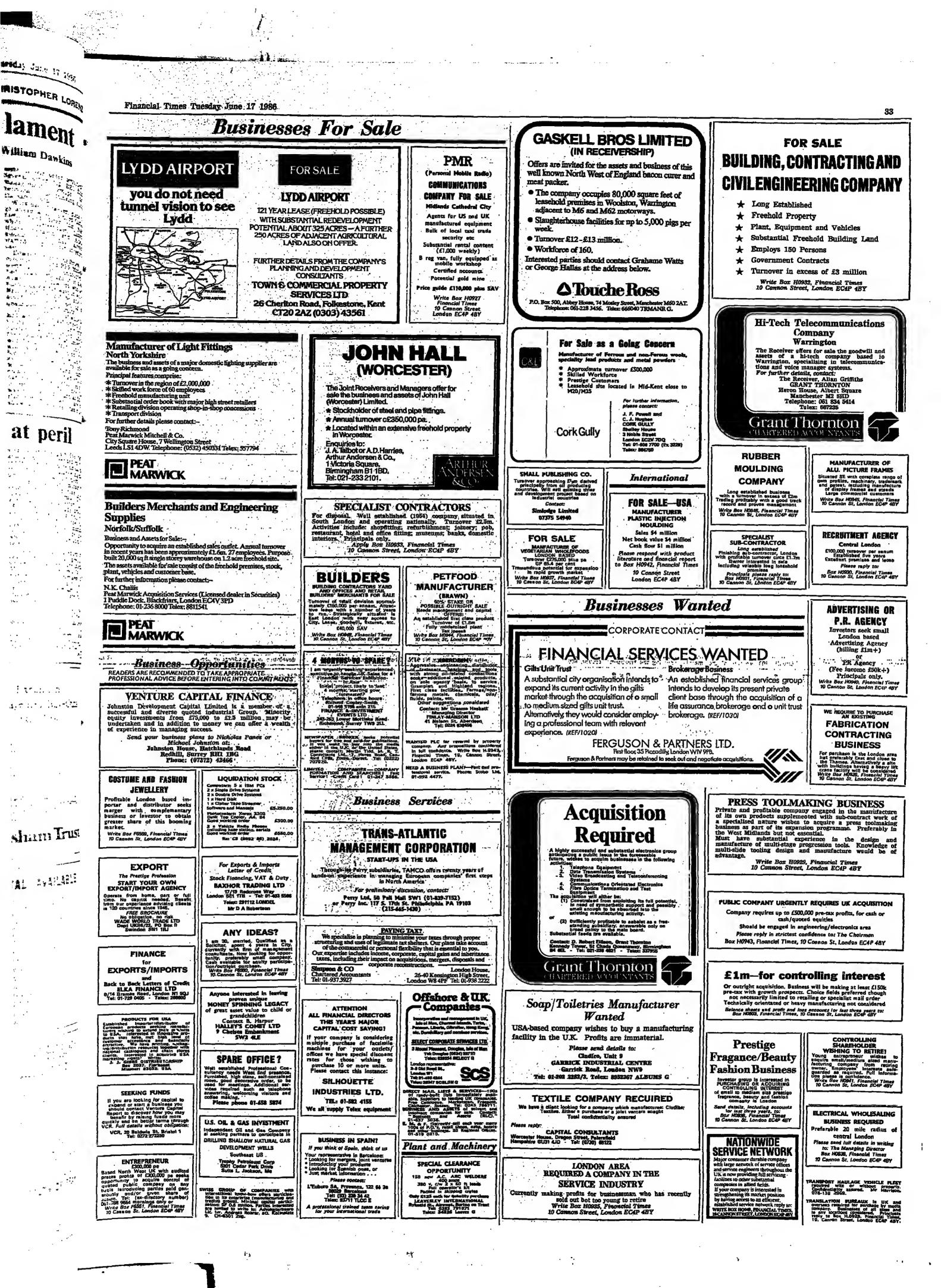
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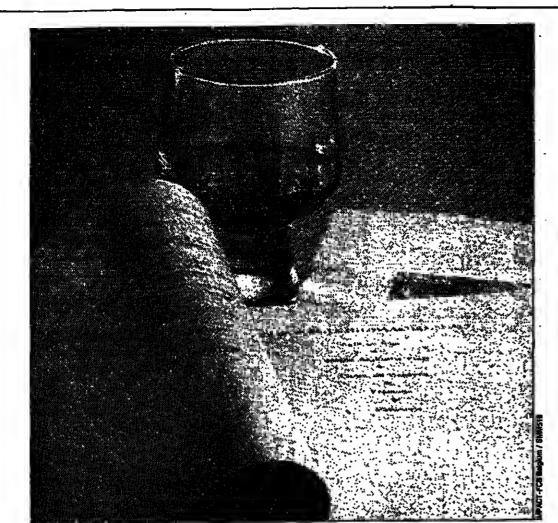
to stop them advertising. The proposed ruliog will pre-

public. It is feared that several

.. ... .....



34



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### FT COMMERCIAL LAW REPORTS

### Canadian life assurance company taxed on total income basis

SUN LIFE ASSURANCE CO OF CANADA Y PEARSON (HM Inspector of Taxes) branch. Court of Appeal (Lord Justice

Fox, Lord Justice Nourse and Lord Justice Balcombe): June 12 1986-

A CANADIAN life assurance company operating in the UK through a branch or agency is not taxed as an independent enterprise but is liable to corperation tax on a pertion of its worldwide investment income, calculated on the basis of the propertion of its liabilities to policy holders contracting through the UK branch to total liabilities.

The Court of Appeal so held when dismissing an appeal by Sun Life Assurance Company of Canada from Mr Justice Vinelott's decision ([1984] STC 461) confirming corporation tax assessments made on it for accounting periods ending December 31, from 1972 to 1977.

Article 8 of the 1967 Treaty Article 5 of the 1967 Treaty signed between the UK and Canada (Double Taxation Relief (Taxes on Income) (Canada) Order, SI 1967 No. 482) provides: (2) . . . profits of a Canadian enterprise shall be average for UK are unlike yardstick (premiums). be exempt from UK tax unless the enterprise carries on business in the UK through a perthere ... (3) Where an enter-prise ... carrias on business prise ... carrias on business through a permanent establish-ment ... there shall be attributed to that establishment the industrial or commercial profits which it might be expected to make if it were an independent attemption " ter in the first.

independent enterprise . . ."

LORD JUSTICE FOX, giving the judgment of the court, said that Sun Life, a Canadian insurance company, carried on business through a branch or agency in the UK. Its head office was outside the UK. The case was concerned with its tax Hability.

The second main issue was whether section 316 of the 1970 Act was preserved by article 7 of the 1980 treaty between the should be deemed to be profits chargeable to tax assessed in the same proportion as the amount of premiums received through the UK office or UK and Canada (see SI 1980 No 7091.

Paragraph (2) of article 7 The first main issue was provided that the laxable pro-fits were those which the enterwhether certain amendments to section 430 were saved by article 6(7) of the 1967 treaty between Canada and the UK. "might be expected to ргізе make if it were a distinct and separate enterprise"; but para-Article 6(7) expressly saved provisions of UK law relating lo graph (4) provided that nothing in paragraph (2) should pre-clude determination of profits the tax liability of a life assurance company with its head office outside the UK in respect "by such apportionment as may be customary" provided the method was "in accordance with of investment income if those provisions were in force at the

date of the treaty or had, since that date, been "modified only in minor respects so as not to affect their general character." the principles embodied in this article." Section 316(1) of the 1970 Section 316(1) of the 1970 Act provided that investment income of an overseas life insurance company, wherever received, should be deemed to be profits chargeable to corpora-tion tax under Case III cf Schedule D. By subsection (3) the portion charged was to be determined by formula  $A \times B$ A modification which affected the general character of the provisions could never be Since the 1967 Treaty section 430 had been amended by Schedule 14 paragraph 8 of the Finance Act 1969, now incor-porated in section 316 of the Income and Corporation Taxes Act 1970. The basis of charge was altered in 1969 from a proover C.

A was the total income from those investments for the relevant period; B was the average portion of world investment in-come based on premiums to a of liabilities for that period to policy holders whose proposals proportion based on liabilities. were made to the company through its UK branch or agency; and C was the average of the liabilities for that period What had happened was that a rough and ready yardstick (liabilities) was substituted for the emisting rough and ready to all the company's policy holders.

Where both provisions were an imprecise method of calcula-tion designed to produce a reasonable result and the second was not obviously less fair than the first, the change-over from one to another dld not result in a change of charac-ter in the first. The Revenue accepted that section 316 was in conflict with article 7(2). Its case was that the section was saved by article 7(4).

Mr Park for Sun Life, con-tended that article 7(4) pre-served customary provisions relating to apportionment on the basis of total profits. He said it could not authorise a provision for apportionment of investment income though On the first main issue it was also said on behalf of Sun Life that paragraph 9(2) of Schedule 14 took away or limited a pre-viously unlimited right to set off income tax deducted at taxed as if it were trading profit.

source against corporation tax chargeable under section 430, or The historic background and the other provisions to the treaty seemed consistent with a to claim repayment of such tax. wide interpretation of "profits." The language of article 7 itself indicated that "profits" article 7(2) meant income.

What paragraph 9(2) did was to limit the amount of income tax deducted at source from UK investment income which could be set off against corpora-tion tax to an amount equal to

Section 430 of the Income Tax Act 1952 provided that the proportion of investment investment income of an over section 430. It did not take seas company carrying on life away any right to repayment or assurance business through a sectoff. It was concerned with branch or agency in the UK machinery only.

The real question was whether the section 316 method of apportionment sufficiently satisapportionness senate enterprise principle of article 7(2). On the view taken as to its construction article 7(4) authorised appor-

tionment of world-wide invest-Basically, the apportionment imposed by section 316 was the fraction which was the average of Habilities to policy holders resident in the UK over the average of liabilities for all the company's policy bolders.

The compulation seemed to give in practical terms reason able weight to the earnings, iiabilities and expenses of the UK branch. The result gave adequate effect to the principles

of section 7. A subsidiary issue was con A subsidiary issue was con-cerned with the meaning of sec-tion 316(3) which provided that in the fraction  $A \times B$  over C. B was the average of liobilities to policy holders whose pro-posals were made to the com-pany "at or through its branch or agency in the UK."

Sun Life's British division was divided into five territories, including the Republic of Ire-land. There were many local offices and five regional office within the British division, but they had no power to conclude life policies. Approval was given at the principal office in Cock spur Street.

Sun Life submitted that a proposal was made when the proposer handed the signed form to the local agent and that the relevant proposal, made n Dublin, was not made through " the British division, in Such a proposal was made through the British division

The statute did not require it to be made " in " the UK. Mr Justice Vinelott came to the correct conclusion on all three matters under appeal. The appeal was dismissed.

For Sun Life: Andrew Park QC and David Goy (Freshfields). For the Revenue: J. M. Chad-

wick OC and Christopher McCall (Inland Revenue Solicitor). **By Rachel Davies** Borrister

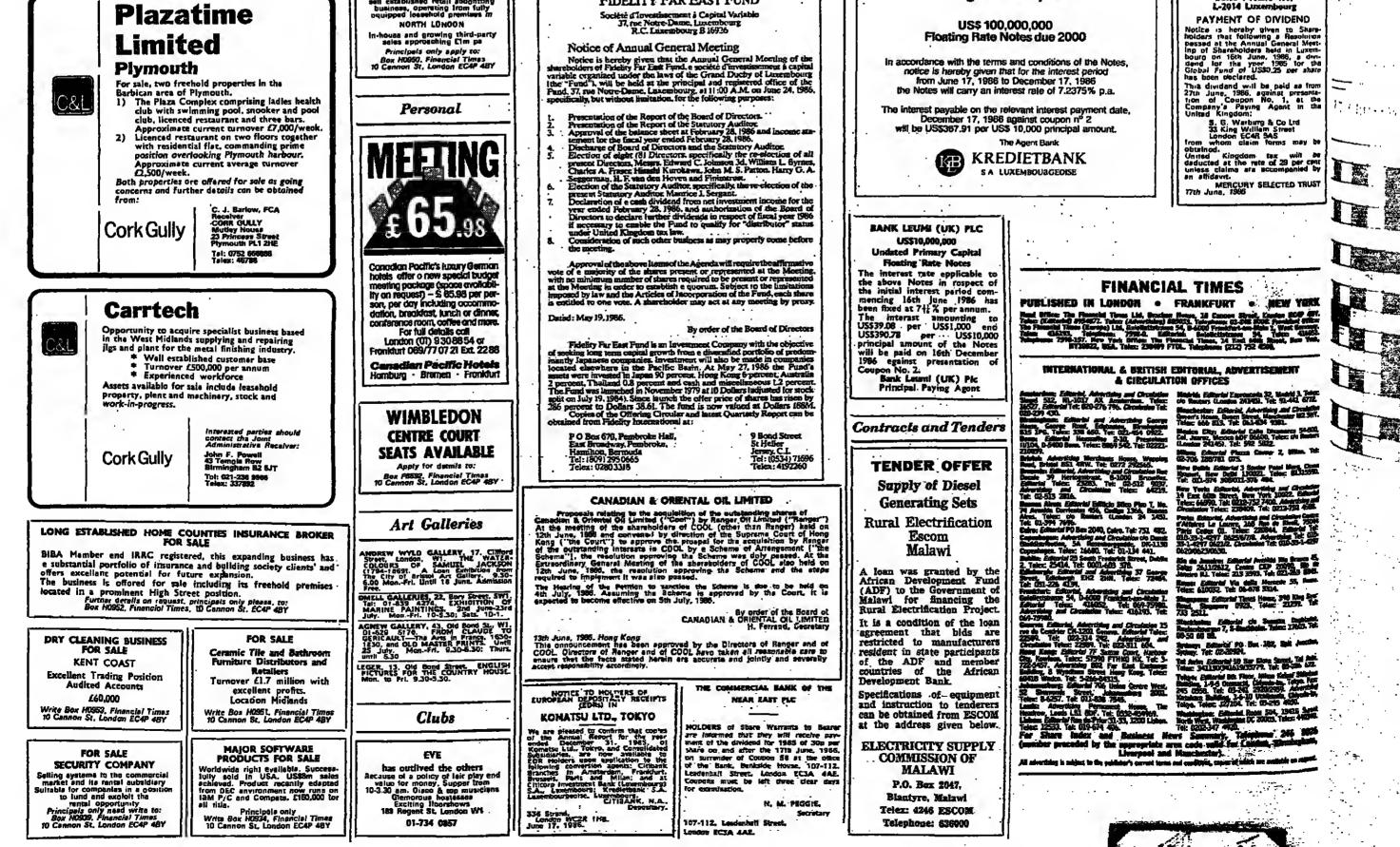
Article 7(4) must be authoris-THESE REPORTS are published ing some computation based on in volume form with the full texts of judgments. For subapportionment of total profits-In so far as such apportionment was to give effect to the separate enterprise principle, it must to some degree he crude in opera-tion.

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SPOT PRICES-Chicago loose lard 10.0 (sama) conts per pound, Hardy and Harman silver bullion 510 5 (527.5) Centa per troy ounce.

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FREIGHT FUTURES

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**COMMODITIES AND AGRICULTURE** 

# Saudi Arabia extends oil discounts for third month

products less processing and transportation costs as well as

an agreed profit margin. No immediate confirmation

of easier terms was immediately

svailable. When the discounts were first offored in May there

within a matter of days.

in the north east of the

However, the main farmers' association in Argentina, the Sociedad Rural, has criticised tho reductions as being

#### BY RICHARD JOHNS

SAUDI ARABIA is extending until the end of July the price loted by the offer of increased discounts offered to customers discounts for buyers prepared to lift volumes larger than the maximum in existing "net-back" contracts, under which prices are related to spot prices for on long term contracts.

BY TIM COONE IN BUENOS AIRES

fell sharply yesterday as inves-tors judged that the 10th For the third consecutive month buyers will be offered discounts ranging from 50 cents anniversary of the Soweto riots in South Africa had passed less to \$1.15 9 barrel-depending on than they had contract siza. The incentive has been suffi-

In London, the markets opened nervously but prices held firm uotil investors in the cient to boost Saudi Arabia's output above the 4.3m borrels a day maximum quota for tho Kingdom under the 16m b/d New York markets joioed the fray and storied selling heavily. In London, platioum was fixed in the afternoon at \$432.25 ceiling agreed by the Organisa-tion of Petroleum Exporting Countries in 1984 and still an nunce, \$16.75 down on Friday. Gold closed \$8 lower at officially in force. Yesterday industry executivea \$339.75 on ounce. In New York, on the New

York Mercantile Exchange platinum for July dolivery fell \$21.50 to a low of \$425 an nunce in hectic trading before recovering to close \$17.9 down at \$428.7.

38

Platinum

and gold

sharply

By Stefan Wagstyl

violently

expocted.

prices fall

PLATINUM and gold prices

at \$428.7. On the Commodity Exchange, August gold, which opened at \$348.80 an ounce, tumbled to \$339. Finally it closed \$11.3 down at \$337.5. One trader said: "There were

a lot nf people in thore for only one reason—violence in South Africa. When they saw nothing was bappening thoy sold out." But he added that the South Africa.

African Government's reporting restrictions had increased uncertainty in the market. "If a reduction in its contentinus taxes on grain exports. Tho taxes hove been 9 source of increasing irritation to Argenthere is bad news and it gets out, people will come back and atart buying sgain."

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending las Friday)

	Friday) (tonnes)	and making Argentina uncom- petitive in the international market.
Aluminium Copper Lead Nickel Tin Zinc	+850 te 133,000 +2,825 to 140,100 -10,600 to 46,775 +546 te 8,100 -730 to 53,050 -2,925 to 44,525 (ounces)	announced that the proposed reductions, spplicable to the 1936-87 harvest will bring down the export duty on wheat from 15 to 5 per cent and on sll other grains from between 20
Silver	+70,000 to 37,492,000	and 27 per cent down to a standard rate of 15 per cent.

confirmed a report in the latest edition of Petroleum Intelli-gence Weekly that the King-dom's production rate from the fields operated by the Arabian American Oil Company and the Noutral Zone (shared 50:50 with aimod at such a lovel justifying It by the fact that the rate had fsllon short of the country'a Kuwait) was running at 4.6m

was some scepticism as to whether they would be sufficient in the face of competition with similar crude varieties from nther sources ot cheaper prices. The Saudi Government is undorstood to bave deliberately

According to PIW, Saudi reached 19m b/d, the highest sales have been further stimu- point since the winter of 1983point since the winter of 1983-1984, Iran is said to hovo raised its production to 2.4m b/d and Iraq to 1.9m h/d, the full extent of export capacity.

Some expressed some scepticism whether the total was as high but sgreed that the surge is continuing in advance of the Opec conforence scheduled to

begin on June 25. Meanwhile, Mr Abdullah al-Badri, the head of the Libyan National Oil Corporation, said yesterday that the US Administration's order to the five American oil companies with 9 stake in Libyan operations to cease all operations by June 30 would not affect the country's exports. He said that bo would

### should boost rubber demand

RUBBER PRODUCERS abould io shortly expected to approve from the Economy Ministry RUBBER PRODUCERS about benefit from the recent fall in nil prices, says Mr John Carr, Secretary-General of the Inter-national Rubber Group in his Further measures to stimulate production are also swaitreport of 1985.

grade A tine farmers, who claim that ing approval and include they are depressing production assistance to small and medium Lower oil prices, lower interest rates and falling inflathe producers through the refinancing of outstanding debts, and the waiving of transtion combine to enhance world economic prospects for the rest of the decade, says the report published yesterday. port charges for more than 500 km on soyabeans produced

These encouraging features Cathodex 0 months standard do not mean that major diffi-culties facing the rubber the search for solutions should become easier in the new economic environment, says Mr

LONDON MARKETS THE RECENT slide in Lon-don coffco futures prices, which was interrupted by Friday's modest recovery, was Friday's modest recovery, was resumed yesterday when near-by values reached new 1986 lows. The September position, which had rallied by £28 on Friday, ended £32 lower at

INDICES

REUTERS

DOW JONES

June 10 Jeno 12 M'In oge Year ago

1040.4 1548.3 1774.5 176P.9 (Base: September 18 1931-100)

Dow Jene June Month Year Jones 13 12 ago i ego

Spot 124.98 125.19 - 119.00 Fut, '114.15 114.03 - 121.12

amber 31 1931 - 100)

\$1,809.50 a tonne, as bearish fundamental and technical factors overwhelmed the market's seasonal pervousness about the possibility of frost hitting the Brazilian coffce METALS

tonne. LME prices supplied by malgamated Metal Trading. Amalga

Close(p.m.) — S per tonne Highilow Cash 5 months Official clasing (ara): 780-1 (777-8), three months 769-70 (776-7), settle-mant 781 (778). Final Karb close: 767.5-8. Tumover: 17,600 tonnes.

Cash highe

LEAD

months 292-4

NICKEL

GOID

US Spot: 19-23 cents per

COPPER

Unofficit + ori close | - | Highilow OTHERS 955-4 +2 ,952/951 949.5-3 -2.75 945/930

Official closing (em): Cash 952-3 (955-6), three montks 944-4.2 (950-50.5), estlement 953 (956). Finel Kerb close: 944.5-5.5.

OILS

GRAIN

030-40 + 10,5 COCOA 922-8 -4

Officiel closing (sm): Cash \$34-40 (\$27-30), three monthe \$30-40 (\$30-5), entiment 940 (\$30), US Producer prices; 67-72 Cente por poend, Totel fumover: 23,450 tonnes.

Jely Oct COCOA : Unofficial + or : close (p.m.) - : High/low £ par tonne

+9 302/297 Official closing (sm): Cash 302-3. 287,5-8), three months 295-5.5 (280.5-), estilement 303 (288). Finel Kerb loss: 22-3. Turnovst 11,500 tonhes. Seles: 1,867 (3.622) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Osily price for June 12: 88.02 (88.57); five-day everage for June 17: 67.59 (87.54).

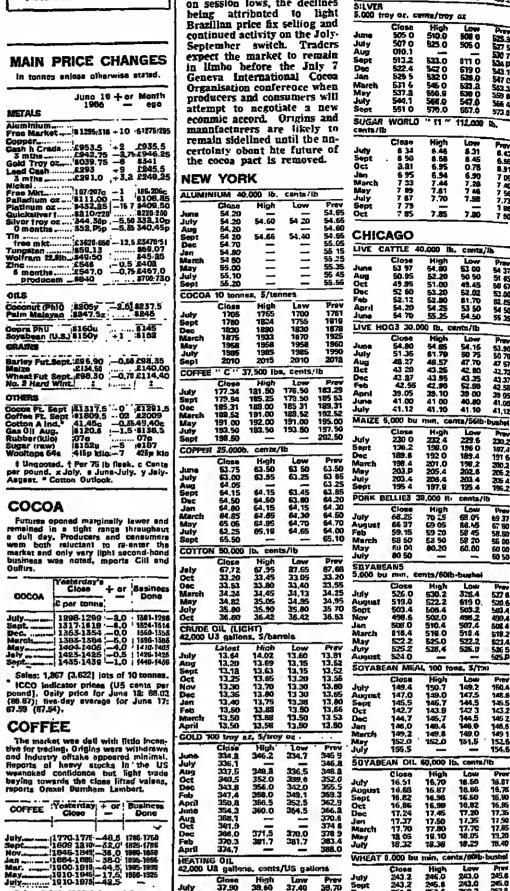
Unofficial + or | closelp.m.) - High/lew COFFEE

months 2730-5 +25 2744/2720 Official closing (am): Cash 2.724.5 (2.725-35), threa months 2.713-5 (2.730-0), settlement 2.725 (2.735). Final Korb close: 2.725-30. Termover: 1.560 tonhes.

COFFEE Yesterday + or Business

close + or ausiness

ORANGE JUNCE 16,000 Ib, conta US MARKETS Ciose 99.65 100.70 102.00 102.00 **PRECIOUS METALS** plunged Jely Sept Nov Jan March is a news blackont in Sonth Africa on the 10th anniver-102 00 103.00 102 00 104.79 103.59 103 50 104.79 103.59 sary of the Soweto uprising prompted a seil-off in platinum and pulled down July 105 20 Sec1 105.70 gold nad silver prices, reports Heinold Commodities. The PLATINUM 50 troy of 3/troy of Close High 426 9 430 0 428 7 448,4 432.7 451.0 435.2 453.5 437.8 450.0 441 3 444 5 market found some support Jely Vict Jin April July from overseas trade buying which firmed the prices after they reached session lows in early trading. Cocoa closed on session lows, the declines June July Aug Sept Dec Jan March May July Sept cents/lb Juty Sept Oc: Jan March May July Sept Oct Frev 54.65 54.66 54.66 54.66 54.65 54.65 54.65 54.65 55.05 55.75 Low Class 54,20 55,200 High 54.60 54 20 54,40 54.66 High 1765 1824 1890 1933 1958 1985 2015 Prev 1751 1919 1578 1925 1960 1990 2012 Law 1700 1755 1830 1870 1958 1985 2010 Class 1705 1760 1830 1875 1958 1985 2010 Prev 183.29 185 53 189.31 192.52 195.00 197.50 202.50 Low 176.50 173.50 185.31 189.52 191.00 193.50 High Low 63.50 53 50 63.55 63.25



one, conts/US gallons

Low 37,40 38,41 39,30 40 30 41,20

High 39.60 40.40 41.39 42.00 42.95 43.80 43.80 43.50 41.75

LONDON DAILY PRICE-Rew sugar \$152.00 (£100.00), dawn \$5.00 (down £3.50) a tanna far Jane/July deivary. White sugar \$162.50, down \$2.50. Renewed pressure from long liguide-tion of the New York July position parced prices lower spein, mports C. Czamikow.

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01088

July August Sept Oct Nov Dec Jan Feb March April

No.0

Con-tract

Mar May Aug

(2.59).

SUGAR

Close 37.90 38.85 39.55 40.55 41.35 42.10 43.20 41.00 40.00

### standard rate of 15 per cent. Africa facing 'food disaster'

#### BY MAURICE SAMUELSON

stahilise

will be hunger no matter how much the global agricultural economy produces." It highlights tho "intractable

country.

grain sgricultural products. BY THE end of the century, the US and Canada will be exporting 200m tonnes of grain a year, much of it to developing countries unable to feed their rapidly increasing populations, says a major study of world food and population trends pub-lished in New York.

It says the EEC will also be substantial exporter, thanks a substantial exporter, manks to heavy production subsidies, although its ootput will be easily absorbed hy the rest of Europe which is short of grain. The study, World Resources 1986, claims the human race

"About ono of every ten kernals of grain crosses an the trip involves crossing either the time it is harvested and consumed. And for most kernals the trip involves crossing either the Atlantic or Pacific Ocean,

Mr Edouard Saouma, Director General of the United Nations Food and Agriculture Organisation, yes-terday demanded better terms of trade for developing coun-tries in order to help them finance development.

doublo from 1.5bn in 1980. The fastest growth would con-Africa's food and development problems was its population growth rate wblch between 1974. tinue to occur in drought-ridden Africa, with the prospect of Nigeria becoming the world'a third largest country, with up to 500m inhabitants. Only China and India would be bigger at the end of the next century. settling down at 1.5bn and 1.7bn inhabitants respectively. The report says that the earth can "certainly" provide more than enough food and fibre not only for the 6.1bn people expected hy the year 2000 but the 10bn or 11hn projected by the end of the next century when the population would the inhabitants respectively. The report says that the earth can " certainly " provide more than enough food and fibre not only for the 6.1bn people expected hy the year 2000 but the 10bn or 11hn projected by the end of the next century when the population would the inhabitants respectively. The report says that the earth can " certainly " provide more than enough food and fibre not only for the 6.1bn people expected by the year 2000 but the inhabitants respectively. The new the same decade world food production was rising at an annual rate of 2.2 per cent, elloust 0.5 per cent faster than population growth. But although the deve-loping countries" production outpaced that of developed tinue to occur in drought-ridden

being

Argentina expected to Cheaper oil cut grain export taxes Ev Stefan Wagstyl THE ARGENTINE Government Official approval is expected

lt by the fact that the rate had lead a dolegation in s final fallon short of the country'a round of talks with companies quota. Overail PIW calculates that ing inconclusive exchanges in Opec's collective output has Vienna last month.

analysts yesterday

#### belt. On the London Metal Exchange lead prices gained further ground and a cash premium over the three months position was established as concern about nearby tightness was high-

lighted by an uansually large 10,600 tonnes reduction in LME warehouse stocks last week. The cash price ended the day £9 up at £293 a tonne while three months lead was while three months lead was nnly £3.50 higher at £291.50

ALUMINIUM

will grow to 6.1bn by the end of this century and to between 10hn and 11hn hy the year 2100. The most dramatic growth will be in famine-ridden Africa which is set to become the most populous region after South Asia.

South Asia. It says that while the US was not literally "feeding the world," it certainly provided the marginal increase in calories that improved the lot of mil-lions of people in the past decade decade

America, and to a much lesser extent Oceanea and the EEC, the world in the oorly 1980s was consuming annually almost The study, compiled jointly 150m tonnes of grain more than by the World Resources Insti-it was producing. tuto and International Institute These grain deficit countries for Environment and Develop-

it was producing. These grain deficit countries had increased thoir dependence on imports through the 1970s at the rate of 12.5 per cent a 2100 the population of the year, although they were per-doveloping countries would tially balancing that deficit reach 8.85n while South Asia'a through the export of many non-population would more than

I HAVE always respected the theory that market forces-supply and demand-govern prices. But at the same time.

as a farmor, I have feared tho

effects on my returns of tho

seemingly arbitrary price changes which can dash my hopes of profit when markets suddenly become unstable.

I remember well the conse-quences of the last really free market during the 1930s. Low

prices drove thousands of farmers off the land in many countries and indirectly caused

countries and indirectly caused the dustbowls at the US and

escape these consequences.

This protection was particu-

larly strong in Europe. Even free trading Britain had begun

President Roosevelt introduced

the acreage set-aside (paying

farmers not to grow crops) and

in Canada farmers got control

of thoir wheat sales through a

monopoly Whost Board. All

these projecto succeeded to the

extent that large numbers of

farmers who might well havo

left the land remained there.

thus ensuring a degroe of rural

stability in the countries con-

cerned.

"The perception of Third Forld countries as very World jandor partners, unwanted competitors or permanent suppliers of raw materials is far too common." Mr Soouma told a ministerial session of the UN Warld Food Council. He also appealed for "a massivo emergency offort" to boost food production in poor countries so that they could feed themselves.

finance development.

paradox" nf record production food and fibres and tho spectacio of more than 1nd spece-in developing countries lacking tho cash to buy food and "excluded from the global marketplace that allocates this cornucenta." With the exception of North for by the end of the 1970s fully 87 per cent of grain exports originated in North America." cornucopia." While the developing world

FARMER'S

ally failed.

suming interests.

while the developing work as a whole improved its per capita calorio intake slightly and tho developed world seconed to reach an upper limit, ment, cites figures from the World Bank to suggest that by

outpaced that of developed countries, the 36 least deve-But it views such " paper cal-

loped nations did not shore in the per capita improvement because of much higher birth culations" in the context of the hundreds of millions cur-rently on the hrink of starva-tion: "Whon some people are too poor to purchase food, thore rates.

Tholr rate of food production incroase, 2.1 per cent a year, was balf a percentage point below their population growth. During the past two years of famine in Africa, the study estimates that more than 1m

peoplo diod from mainstrition and related diseases particularly in Sudan, Ethiopia, Nigor, Mozambigno, Somalia, Chad and

Mozambigno, Somalia, Chag and Mali, but the millions more were saved by more than \$1bn worth of food and donations from around tho globe.

World Resources 1986, published by World Resources Institute and International Institute for Environment and "much of Africa was on a colli- Institute and International slon course with food and eco-logical disastor." Development: 353 pages, tables; One of the major causes of Basic Books, New York; \$16.95. TIN

KUALA LUMPUR TIN MARKET-Close: 14.20 (14.20) ringgiz per kp. Unchonged.

Gald fell \$8 to \$3397-340 on the Condon bullion market yesterday. Via-lance on the 10th enniversary of the Sowsto riots in South Africa, did not eppear to be on widesprated as earlier expectations. Gold opened at \$3483-\$34474. and was fixed at \$3463-\$34474. and was fixed at \$3463-the morning and \$330.30 in the after-noon. The marai touched 4 peak at this opening, and a low of \$337-3374. Gold B 811 UN (fine come) June 16" Julyan and September Jan and Mar. Mar. Mar. noon. The metal touched 4 peak at the opening, and a low of \$337.3374, pound) for June 13: Comp. daily 1979 GOLD BULLION iffine ounce) June 16: 162.88 (101.85): 15-dsy average 158.27

(159.54). SOYABEAN MEAL

GOLD AND PLATINUM COINS GUED ALL FLATHON, COM, CARAN, SAN, 1923A, S204) 4 Krug, S178b, 17934 (£1174-118) 4 Krug, S178b, 17934 (£1174-118) 1/16 Krug, S164, 371e (£3441, 344) Mapielan 13484, 36014 (£3893, 530) 1/18 Angol 334-39 (£2893, 530) 1/18 Angol 334-39 (£2893, 530) 1/18 Angol 334-39 (£2893, 530) 1/18 Angol 334-39 (£2814, 2554) 1/18 Angol 3454-50 (£2814, 2554) NoblePlat 5445-45014 (£28814, 29534) August -Fob. .

oer tonne 122.0-122.8 -0.56.123.0 124.0-124.5 -0.25.124.0 124.5-124.5 -0.25.124.0 124.7.43 -0.25.124.0 124.7.43 -0.25.124.0 124.7.43 -0.25.124.0 124.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.8.7.43 -0.25.124.0 124.9.124.0 124.7.1 Jene ..... Sales: 153 (10) lots of 20 tonnes.

GRAINS

Jaby wheet reached a new contract low at £110.20 with one commission hause selling splitst ablight short-covaring. New crops cased an fino weather improving crops with merchant hadge selling a featum and one con-assmor/shipper broker a nateble seller of the September wheat position, re-ports T. C. Roddlek,

2

Unofficial + or close(p.m.) - High flow R per tonne BARLEY WHEAT

Yesterday + or Yesterday + or close

-0.55 --0.70 96.90 -0.85 100.40 -0.89 103.50 -0.45 106.00 -0.45 107.50 July ... 110.90 Sept. 98.30 Nov ... 101.90 Jan ... 104.30 Mar... 106.65 May ... 109.30

-0.58 -0.59 -0.59 -0.59 -0.59 Business dont-Wheet July 110.75-10.20, Sept 98.80-8.30, Nov 101.40-1.05, Jen 104.35-4.30, Merch 106.65, May 109.25, Beles: 262 lots of 100 tonnes. Berley: Bept 97.15-6.90, Nov 100.75-0.40, Jen 103.75-3.90, March 106.25-0.00, Mey entraded. Salos: 41 lots of 100 tonnes. POTATOES

The prospect of min following the warm weekend weether resulted la futures opening £1.10 down and drop-ping enother 40p before beying interest stabilized levels in quiot trading et eround £112.00. The affameon saw nervose short-covering se tradom bo-gen to doubt there would be much change is the weather, and this boying is thin volume repidly lifted values to above £115.00 belars any good two-way business was transacted, reports Coley and Harper. LONDON GRAINS--Wheat: US Oark bother Spring No. 1. 15 per cent; July 97.00, Aug 86.50, Sept 85.50 tran-shipteent East Coest. US No. 2 Saft Red Winter: July 87.75, Aug 87.50, Sept 88.75, EEC first-half fone (50.00, Sept 88.76. EEC first-half Jone 150.00. English fead, Iob, cestoms cleared: 116.50-113.00, June 110.00-119.00 buyer/ eeller, Jely 118.00, Sept 100.00, Oct/ Dec 105.00, Jan/March 110.25 sellers, April/Jene 115.00 buyer/sellor, Statze: US No. 3 Yellow/Fmnch transhipment East Coest: Juns 134.50. Barley: English feed, fot: July/Aug 99.25, Aug 99.00, Sept 99.00 seller, Oct/Dec 105.00-106.00 buyer//seller, Jen/March 110.50 saller,

Pigmaat sales. 7 (6) lots of 80 car-cases. 3,250 kg. Beef seles: Nil (nll) lots of 20 sides. MEAT COMMISSION - Avenge tat-stock prices 01 mpresentetive merkets. GB-Shces 206.290 per kg tw (-1.95]. GB-Shces 206.290 per kg est dcw (-37.71). GB-Pige 78.900 per kg tw

FUTURES-index 549, Jely 547-562, Jely-Sept 547-551, Oct-Oct 547-552, Jen-March 567-552, Aorii-Jens 571-675, Jely-Sept 572-578, Belex: 12.

1

Ury Gargo , 613,215 : 618,610 | 618,620 ; 676,677 078,679 [880,5,681 ; 701,703 ; 702,700 ; 707,709 || 750,770 - 763,770 ; 690,700 | 695 ; 668,700 ; 763,770 - 753,775 ; 795,870 - 763,775 ; 795,870 - 763,775 ; 795,870 - 563,600 ; 810,900 - 634,000 ; 650,0 - 634,0 Jan. April Jely Oct. Jon. Apr. BFL Yesterday Previous Business close close done # per tonno F.O.g. Tumaver: 201 (320). Close High/Low | Prev. Tacken 1050/1125 1010-1056 950/1056 1090/1156 1090/1156 1090/1156 1090/1156 1090/1156 June 1190 1200 1110 July 1150 1075 Asg 1050 1000 Sep 1002 1100 -Osc 1055 1159 -Mar 1200 -BTT 1148.0 -Sales: 2,588 (2,268) lots of 50 tannes. Teta and Lyla dalivary prices for gmnalated basis sugar was (203.50 (\$208.00) a tonne for export,

Jely Oct.

July Sopt Dec March May July

Prev 39.70 40 41 41,250 42.69 43.64 44,28 44,28 44,28 44,28 44,28 44,28 44,28 44,28 44,28 44,38

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Turnover: 43 (38). OIL

Cas all elightly firmer in very this technical trade. Gasolina moved up an tight supplica. Neavy furil was stable in thin trade. Traders in the 15-day Grant market showed little anthuasam in a directionaless market. July Been opened 10-75c up but fell back to Frn-day's closing levels in this trade. Nymex WTI opened 1c ap Ior July but fait1-2c by 1.30 pm EDT-Patrolsum Argus, Landon.

Latest -+ or

12.15-13.75 +0-05

Petroleum Argus estimates.

Month \$ US per tonna -1.00121.64.15.75 -1.50122.75.25.85 -1.50124.25.25.85 -0.50126.85.25.85 110,00 180,30 123,00 125,50 125,50 125,00 125,00 -----Aug Sep. Oct +0.50 Nov

VIEWPOINT i ie is By John Cherrington Not only temperate food pro- their own specifications on duction was so supported farms where the processes can Certels such as the Inter be mentaned They don't want

be monitored. They don't want national Sulor Ayreement and othors, oither national or interto be att he mercy of unstable their equivalents elsewhere, othors, other national or inter-Only where governments took notional, sought to control out-positive steps to protect their put to meet demand and so farmers were they able to moinain pricea. But these intormarkets both in relation to price and to quality. This last point was brought

to my notice when discussing national arrangements generwith o flour miller the amount of premium the lower yielding high protein milling wheats

I doubt if there is any chance larly strong and free trading Britain had begun implementing some form sup-port in the early 1930s. In France and Gormany farmers seeking self-sufficiency and hardly noticed the world farm-ing crisis, so rigid was the pro-interests to allow them to become victims of what many nearly see as irresponsible the free ahould earn ove rother wheats, He suggested 15 per cent should be a fair reward but qualified it by saying that any structuro of premiums could be made a nonsense of by market condi-tions. This is the crux of the tions. This is the crax of the argument. What farmer in his right mind is going to grow a lower yielding variety of any-thing unless he is guaranteed Those supporting the free markets, shippers and others traders, deplore these moves but there is no doubt that tho a compensatory increase in overall mood is for managed

markets of one sort or another in almost every couotry and my belief that the original instigator of the premium ohould ohare some of the risks. certainly also among some con-

For instance the supermarket buyers in Britain aro increas kets were reflecting changes in ingly having their requirements supply and demand with any grown or raised for them to accuracy, as they once did. There

depreciations, often contrived so that prices anywhere can be undorcut. It is an irony that New Zealand, which recently aban-doned export subsidies, seems to be stuck with a strong dollar which refuses, against all considered expectations to alide.

There is no point, in my opinion, in even trying to re-establish world wide the sort of free markets which at present are used as the dumping ground

of surpluses with prices tailored to undercut other suppliers. Most nf the main temperato

food commodities cost roughly the same in terms of resources used to produce everywhere. There is no good reason why a country or a group of countries, say the EEC, should not subsi-dise its own farmers for the amount of its own consumption. But there is every reason why farmers should be protected by somo means from subsidised

another try.

competition. price. He should have some reward for his efforts and it is evidence I have ever seen that absoluto free trade is in tho long run of any great benefit to primary producero or to manufacturers, probably because up until now evoryono has preached it but seldom practised It is not as if these days marit. Protection is at least worth

In defence of protectionism 545-7 -0.6 542,543 547-8 -0,79 552,543 Official closing (sm): Cash 542-2.5 (343.5-9.5), thrse months 544-4.5 (530-50.5), attiement 542.5 (549.5), Final Karb close, 543.0, Turnover: 14.950 tonnes. US Prima Western: 36.5-41.75 cents per pound. are so many factors at work which were unthought of even a generation ago: subsidised exporting, subsidised production, and competitive currency

ZINC

SILVER

Silver was 9xed 5.5p an cance lower for spot delivery in the London buillon markel yestarday of 344.3p. US cect equivalents of the fixing levels wam: spot 525.6c, down 2.95c; and 12-month 661.05c, down 4.45c. The metal opened at 12457-347p (528-530c) and closed at 333-334<sup>2</sup>ap (507-503c).

SILVER Builion + or LMLE. + or per Foring - p.m. -tray oz Price Cnoffici tray oz -12.5 ! **=** LME-Turnover: 7 (26) lats of 10.000

Three monthe high/low 341p, final kerb 340-20.

MEAT

Pigmest prices closed lower dee to wermer weather but volume remeined light, reports Eastern Cepitel CCST, PIGMEAT

Month

PHYSICALS — The London market opened sliphtly higher, attracted little interest at the higher levels and closed uncertain, mports Lewis and Pest. Closing prices (buyers): 5pt 57.00p (same), July 56.25p (55.00p], August 55.50p (55.25p), The Kuale Lumpur tob price (Maleyalen cents per kg): R2S No. 1 wes 204.0 (sams) and 2MR 20 184.5 (same). RUTINEES\_index K40 Jab 507.552

TEA 32,375 packapes wem on offer in the London Tea Auction, including 9,600 packages in the offehous section, reports the Tee Brakare' Aeso-cisition. A good demand preveiled. Light liquoring end modium East Airlosen contineed to meet sectol competition and prices were oftan 4-8p dearer. Clean, coloury Central Africans were side well supported and geined 4-5p but ploinest imas went difficult of sale. Caytons came in for limited enquiry of secier mass. Brighter off-ektore teas sold well at firm 19 dearer rates, whils others were irregular, tend-

Yesterdays, Pre Month Close close i dons & per tonne 
 Nov
 85.30
 83.90
 85.00-80.00

 Feb
 94.00
 92.50

 Apr
 116.10
 113.10
 116.90

 May
 126.00
 120.80

 Nov
 97.50
 97.50

International Sugar Agreement--(US cente por poend fob end stowed Carib-bean porta). Prices for June 13: Osliy price 6.28 (6.47); 15-dey average 3.85 (3.55). PARIS-(FFr per tonne): Aug 1280-1281, Ilet 1810-1320, Oec 1335-1343, March 1380-1389, May 1420-1429, Aug 1460-1470.

CRUDE OIL-FOB (# per barrel)-duty

19,50-10,40 --0,10

Arab Heavy W.T.I. Ipm esti-

Forcados (Nigeria) Urais (olf NWE) Ξ

PRODUCTS-North West Europe Prompt delivery oil (\$ por tonba)

Sales: 582 (664) lots of 40 tonnes,

GAS OIL FUTURES

Ystrday's + or | Busines Close Done

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Termover: 1,253 (2,845) tota of 100

and Harper, ssiler. HGCA -- Locationat ex-larm epot prices. Feed Barley: E. Midlands 113.00. The UK monetary coefficient for the weak beginning Monday Jano 23 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged. Earlies-Jely 85.00, -2.50, 85.00, 82.00: Aug 67.50, +5.00; Sept 60.00, -2.50. Sales: 20 lots of 10 tonnes. RUBBER TEA

Yiday's, + or Y'day's! + or close \_\_\_\_\_ close \_\_\_\_ 

### CURRENCIES, MONEY and CAPITA L MARKETS

#### FOREIGN EXCHANGES **FINANCIAL FUTURES** German election boosts D-mark US bonds firm

The dollar finished slightly weaker overall, against major currencies other than the Japanese yen, but trading on the foreign exchanges was quiet and featureless. The US currency fell below DM 2.20 in early Euro-pean trading as a result of the

Mon Tuesday June 17 118

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Chickto

fell below DM 2.20 in early Euro-pean trading as a result of the narrow victory for the Christian Democrats in the West German state election in Lower Satony, on Sunday. The success of the senior partner in West Germany's ruling coalition increased confidence that the present Government will retain control in the Federal elections next January. This provided support for the

on Sunday. The success of the senior partner in West Germany's ruling coalition increased confidence that the present Government will retain control in the Federal elections next January. This provided support for the dollar, but in the absence of other factors the US currency recovered slowly, but closed obove DM 2.2006, compared with DM 2.2006 on Friday. It also declined to FFT 7.04's and to SFT 1.8170 from FFT 7.04's and to SFT 1.8170 from SFT 1.8210, bot rose to Y165.50 Kngland figures the dollar's exchance rate index fall to 1146 from 1148. The US Supreme Court's deliberations over the Gramm-Rudman bill aimed of balancing South Africa of further from South Africa of further killings on the 10th anniversary of the South Strong Supreme Court's of the subaget deficit, provided a provide for further fullings on the 10th anniversary of the South Africa of Strong Sup-

£ IN NEW YORK Prev. close -June 16 Close

£ Spot \$1.0180 51905 1.525-1.5855 1 month 0.57-0.35pm 0.56-0.55pm 5 months 1.03-0.95pm 11.01-0.95pm 12 months 3.10-8.95pm 12.98-8.90pm

Forward premising and disc to the US dollar Collins spot

Lower Saxony. The victory of the Christian Democrats, the senior partner in West Ger-many's raling coalition, suppor-ted the D-mark. A surge on the Garman public anthority bond market, after the result of the equity market also boosted the German currency against the dol-lar. Trading was fairly thin however, ahead of a national boliday in West Germany today. There was no sign of interven-tion by the German Bundesbank on the open market, and the can-tral bank did not intervene when the dollar was fared at DM 21849 in Frankfurt, com-pared with DM 2206 previously. The US currency closed in Frankfurt at DM 220, against DM 22070 on Friday.

PHILADELPHIA SE L/S OPTION E12,500 (comts par E1)

1.30 16.70 - 15.70 1.40 11.70 - 11.80 1.45 4.90 7.50 7.75 1.50 3.20 2.90 4.80 1.65 0.90 1.45 2.40 1.64 0.21 0.90 1.45 2.40 1.64 0.21 0.90 1.45 2.40 1.64 0.95 1.95 1.95 1.95 Provious day's open int, Previous day's volume, ( ..... **CURRENCY MOVEMENTS** 

Bank of England Index

Guarante Change 2

US Treasury bond prices were interest The September price Exchange yesterday. Opening prices were marked up in fresponse to a limit up movement in Chicage on Friday. Short covering boosted the September value to 97-18 from an upening level of 95-05. However this better tone in Chicage on Friday. Substituting sa that 93-22 before closing at 93-21 up prices were marked down very sharply to a low of 94-23 which UEFE LONG All'T SULISES CENDER

LIFFE LONG GILT FUTURES OPTIONS

High 122-33 123-04 122-21

Soft 122-19 122-01 - 122-05 Marth 122-13 - 122-05 Est. Volume 6,022 (9,150) Privious day's open int. 20,208 (8,533) Basis quote (clasm cash price of 13% Transury 2004/08 leise equivalent price to 4 5

Close High Low Prov 90.21 90:23 90.19 90.22 90.58 90.41 80.44 90.78 91.04 91.07 91.01 90.45 90.49 91.07 91.04 90.78 90.49 91.00 90.80 90.55

Low 122-20 122-19 122-21

121-12

LONDON

June Sept Dec Marth

(32nds)-

18.90 8m. .....

Noen .....

- 1.60 pm ..... 2.95 pm ..... 3.99 pm ..... 4.09 pm .....

rate

+0.46 +0.42 +0.40 -1.63 +0.42 -0.40 -1.63

----75.9

diverge

positive change denotes a

+0.50 +0.58 +0.54 -1.49 +0.58 -0.54 -1.43

11.99 200

75.9

75.8

75.8

75.8

75.7

20-YEAR 12% NOTIONA 250,000 32nds of 100%

Cicsa 122-19 122-25 122-19 122-13

THREE-MONTH STERLING 2500,000 points of 100%

4ths-of 100%

CHICAGO

Cines High 102-38 102-38 102-39 102-04

US TREASURY BONDE S% S100,000 32nds of 100%

US TREASURY BONDS (CHT

Low 102-18 102-33 102-33 102-33 Sept 102-30 102-44 102-124 102-33 Est. Volume 136 (80) Previous day's open int. 1,087 (1,145)

 Stockus demas int
 High Low Prev

 Jana 87-08
 85-16

 Sopt 96-19
 86-27

 Dec 86-23
 84-23

 Dec 96-19
 86-27

 Sature 10
 86-23

 Previous degree open int, 5,367
 84-01

		st
Sapt' Dec Mar June		ler Juni
6.29 1.28	8 9.09 9.24 0.35 1.42	
0.53 2.02		
1.25 2.50		= =
434 5.62		
6.01 . 7.21		
7.44 8.53	102 1.22 6.46 -	
M., Pute 227 (305, Pute 1,005	Estimated volume total, Calls 68, Puts 65 Previous day's open int, Calls 1,380, Puts 335	
	LONDON SE L/3 OPTIONS 212,500 (cents per £1)	
Pute-Last	Strike Calle-Last Pute-La	st .
July - Aug Sept Dec	price July Aug Sept Dec July Aug Se	ot Dec
0.05 0.56	1.35 19.40 19.40 0.1	50 1.50
0.00 . 0.07 0.24 1.18	1.40 12.40 0.00 70.00 10.20 0.70 0.00 1.	0 2.70
0.02 0.34 0.70 2.25	1,46 7.85 2,20 2.80 9.40 0.45 1.16 1,	5 3.35
0.31 1.12 1.83 3.82	1.50 3.70 4.55 5.15 6.40 1.45 2.70 3.5	
1.49 2.81 3.74 6.12	1.55 1.20 2.35 2.90 4.25 4.10 5.35 L.1	0 8.10
4.25 5.91 6.57 2.00	1.60 0.40 1.05 1.50 2.60 8.20 8.10 8.7	0 11.50
8.41 9.41 10.22 12.46	1.65 0.25 0.50 0.40 1.55 12.50 12.90 14.0	0 16.40
0, -Puts 0	Previous day's open int, Calls 5,302, Puts 1,892	
808, Puts 2,772	Volume, 29	
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Pute-Last	Strike Calis-Last Puts-Las	
July Aug Sept Dec	price June Sept Der Mer June Sept De	e Mar
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0.25 1.00 1.80 3.25	\$2,50 0.50 0.77 0.70 - 0.00 0.06 0.2	- ă
	82.00 0.03 0.40 0.46 - 0.03 0.19 0.3	7
1.20 2.50 2.30 E.35	- 23.50 0.00 0.15 0.23 - 0.50 0.44 0.6	
3.80 .1.16 6.20 8.10		_
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t Low Prev 102-33 102-28 102-128 102-33

Low 96-19 94-27 94-08 93-10 82-25 93-11

81-17

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Pre-96-18 94-00 93-06 92-14 91-02 90-17 90-00 99-04

LIFFE US TREASURY BOND FUTURES OPTIONS

ints of 700%

Latest

Lotaet 93.01 93.22 83.07 92.84

92.19 91.89 91.61

IMAL-STERLING Se per £

June Sept Dec Merch

June Bapt Dec Morch June Sept Dec March

June Sopt Dec March

92.99 92.11 92.96 92.73 92.42 82.15 91.81 91.52

Print 92,97 93,14 93,00 92,70 92,44 92,12 91,82 91,54

Prev 1.5240 1.5140 1.5050 1.4930

High \$3.01 \$3.23 \$3.06 \$2.52 \$2.52 \$2.20 \$1.51

CURRENCY FUTURES

POUND-\$ (FOREIGN EXCHANGE)

Epot 1-mth. 3-mth. 6-mth. 12-mth. 1.5225 1.5189 1.5123 1.5042 1.4913

LIFFE-STERLING 225,000 \$ per E

mained firm with received hopes of an early cut in the discount rate, giveo further signs of a singgish economic growth rate. A cut in French interest rates was

# LIFFE £/2 OPTIONS 525,000 (cents per £1)

DM 22070 on Friday. JAPANESE VEN - Trading range against the dellar in 1986 is 202.70 to 161.65. Exchange rate index 206.7 against 177.5 six months ago. The yen showed Hitle change against the dollar, in quiet Tokyo trading. The US currency eased to Y165.45 from Y165.85 oo Fri-day. Fear of intervention by the the Bank of Japan may have pre-vented the dollar falling below Y165, but there was no sign of dollar buying by the central back yesterday. Dealers were divided obout the immediate prospects for the dollar, with some aspect-ing ft to fall to Y163, while others forecast a rise to around Y167. 

POUND SPOT-FORWARD AGAINST POUND Three 
 Days
 Cices
 One month

 1.5200-1.5230
 1.5220-1.5230
 0.38-0.256 pm

 2.1000-2.1155
 2.1003-2.1122
 0.32-0.226 pm

 3.787-3.781
 3.77-3.78
 17-7hc pm

 12.407-1.2155
 2.1033-2.1122
 0.32-0.226 pm

 12.407-1.2155
 2.1033-2.124
 17-7hc pm

 12.407-1.2145
 12.433-12.443
 12.433-12.443

 12.407-1.21453
 12.433-12.443
 12.433-12.443

 3.341-3.351 8.347-3.351 8.347-3.351 

 3.342-3.351 8.347-3.351 13-14 pm

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 3.342-3.351 8.347-3.351 8.347-3.351 

 2.341-3.3551 8.347-3.351 13-14 pm

 2.341-3.3551 8.347-3.351 13-14 pf pm

 2.341-3.227.381
 2341-3.227.38
 13-2506 cis

 2.341-3.227.385
 2.241-9.227.38
 23-600c dis

 2.348-2306
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 June 16 US Canada Nethind. Beigium Denmnic Indand W. Ger. Portugal epain Italy Norway France Sweden Japan Austria Switz. Bei 2.65 1.05-1.00 pm 1.63 0.66-0.50 pm 1.63 0.66-0.50 pm 2.97 33-39 pm 2.65 48-39 pm 0.71 0.19-0.03 pm 5.52 49-49 pm 10.35 245.510 dia p.s. m 2.68 m 1.10 3.77 2.57 1 89 m 0.40 6.07 -9.52 -2.34 -2.35 June 16 Steriing. U.S. doilar Canadian dollar. Austrian achsting. Beiglan franc. Danish Kroner. 41-41 pm 265-810 die -10.36 2 135-175 dk

Denmark Ireland W. Ger.	1.1023-1.1090 3.341,-3.351,	1.1044-1.1054	0.10-0.03 pm 12-12-pf pm	0.71	6-6-6 pm 0.19-0.03 pm 4-4-6 pm	6.07	Austrian adh8jing.	126.8	+5.6 19.3 +7.3
Portugal Opain Italy Norway France Sweden	214.22-214.96 2296 <sup>1</sup> -2305 11.44 <sup>1</sup> -11.48 <sup>1</sup> 10.65 <sup>1</sup> -10.70 <sup>1</sup> 10.85 <sup>1</sup> -10.88 <sup>1</sup> -	214.67-214.96 2289-2301 11.45%-11.46% 10.68-10.69 10.87-10.88	2-17-0 pm	-3.17 -2.57 -4.12 2.45 -0.62	10-17 dis 123-133 dis 64-54 pm	-8.52 -2.34 -2.35 -4.52 2.18 -0.30 4.96	Belgian franc Daulish Kroner Daulish Kroner Bwies franc Guilder French franc	96.2 138.4 159.6 195.2 69.3	-7.9 -0.7 +14.9 +17.9 +0.4 -13.3 -17.8
	2512-2522 23.51-23.01 2.752-2.772 Nglan mte la f k-recette forwar			4,90 4,90 del franc	31-3 pm 217-39 pm 31-31 pm c 69.00-68.10 .17-3.07c pm	4.48	Morpeo Guaranty 1960-1862 = 100, Bar (base average 197	dunges	+ 58.9 average and index
DOL	AR SPO	T-FORW	ARD AGAI	NST	DOLLAR	l.	CURRENO	Y RA	TES
DOL	Day's		One month	NST	DOLLAR Three	¥.		Special	TES European Currency

 
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 One month
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 Interest p.4.
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 1.5220-1.5230
 0.38-0.356 pm
 -1.36
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 1.3752-1.3823
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 <th t UK and Ireland are quoted discounts apply to the US de Belgian rate is for converti \* CS/SOR rate for Juna 13: 1.61827 **EXCHANGE CROSS RATES OTHER CURRENCIES** Jun. 16 8 3 0 0M TEN Fr. SF. MFL 1172 498 SF. 5 1. 1.583 3.350 289.0 10.69, 2766 5.755 230.0 2.109 68.45 5 0.657 1. 2.800 166.5 2.016 1.817 2.479 1011 1.580 44.95 1 4. . T. . 2011 13114 - 4. . . . . יים יותנוגיים שינוציר צמי us itteger inte June 16 - - : 0.464 1. 75.22 2.190 0.828 1.127 688.6 0.630 20.48 6.042 13.29 1000. 48.40 10.97 14.05 0137. 8.569 071.6 DM 0,299 YEN 3,968 1,425 2,136 235.8 10. 2,569 5,533 2153 1,974 64,06 0,551 1,210 01.14 3,864 1. 1,563 631.8 0,763 24,76 0.936 EWORLD VALUE OF THE POUND F Fr. e Fr. STERLING INDEX June 16 Previous. 75.9 75.8 0.865 0.403 0.587 66.75 2.830 0.732 1. 609.3 0.589 18.13 0.435, 0.668 1.487 109.6 4.646 1.202 1.641 1000, 0.917 29.76 H FL Lita 8.30 mm 0 \$ 0,474 0,728 1,588 119,5 5,066 1,311 1,790 1091 1, 32,46 B Fr. 1,461 2,324 4,394 3562 15,61 4,050 5,515 5360 3,081 100 .75.8 75.8 75.8 

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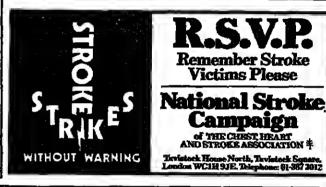
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#### EURO-CURRENCY INTEREST RATES

June 16	Short term	7 Days notice .	Month	Months	Sbx Monthe	One Your
Storiing U.S. Dollar Gan Dollar Gulidor Sw. Franc Doutschnick Fr. Franc italian Lirc	10 104 7-718 718-8 678-518 84-018 456-418 718-74 11-13	1014-104 611-74 768-814 6-618 04-04 4-6-44 7-8-74 114-124	918-1078 614-7 918-838 018-678 678-678 678-678 478-478 1214-13	911-918 678-7 64-818 678-5 413-518 413-518 413-518 1158-1214	01-95 01-95 01-51 01-51 01-51 01-51 41-51 41-51 41-51 11-511	013-014 7:1-7:1 250-078 05-058 4:13-4:1 4:5-4:5 4:5-4:5 7:0-750 113-12
B.Fr.(Flo) B.Fr.(Con) Yan D. Krona Asian \$ (Sng)	634-7 678-718 418-458 0-916 612-7 (*	7-74 7-74 44-411 8-50 611-711	714-714 7-714 424-478 614-816 618-714	714-716 7-718 411-434 914-854 612-718	74-710 7-716 450-414 614-836 646-74	730-760 710-780 450-411 614-884 710-714

Beiefen Franc ... 43.6761 Danlah Krone ... 7.91695 Germen D-murk 2.13334 French Franc ... 54290 Outob Guildar... 2.19335 Irish Punt ...... 0.712566 Irish Punt ...... 1495.21 Long-tarm Europlane: two years  $75_77_6$  per cent; three years  $85_78_7$  per cent; lour years  $22_78_7$  per cent; live years  $82_78_7$  per cent; nominal. Saon-term relat are call for US Dollare and Japacese Yen; others, two days' notice.

#### MONEY MARKETS

### London rates little changed

LOUILUOII LACES ILLUE CLIAIDSELInterest rates were barely<br/>market rusterday in ratio<br/>rates remained high sithouth<br/>the time of the day's spectra<br/>to mose were very few longer data<br/>out eventually athough there<br/>while overnight funds climbed to<br/>this sureadered ratios. Spectra<br/>to the day's shortage was taken<br/>the time day's shortage was taken<br/>to the start provided much of the day's spectra.<br/>The shortage of around \$1,000<br/>mith actor affecting the market<br/>inductions affecting the market<br/>forward starts from some were for the start<br/>month interbank money was<br/>unchange at 91441 per cent<br/>to the start provided much of assistance which<br/>starts to the start<br/>month interbank money was<br/>and a taid \$1,000<br/>mith actions affecting the market<br/>forward starts affecting the market<br/>forward starts affecting the market<br/>forward starts affecting the market<br/>forward balances \$6500 mer treasury builts<br/>to the starts<br/>and a taid \$1,000<br/>mith factors affecting the market<br/>forward balances \$6500 mer treasury builts<br/>to the starts<br/>and a taid \$1,000<br/>mith factors affecting the market<br/>forward balances \$6500 mer treasury builts<br/>to the starts for the start<br/>forward balances \$6500 mer treasury builts<br/>to the starts for the starts<br/>to the balances \$6500 mer tervelation and \$1,000<br/>mer yees<br/>forward balances \$6500 mer yees<br/>to tail band \$2,000<br/>mer yees<br/>forward balances \$6500 mer yees<br/>to tail band \$2,000 mer yees<br/>to tail to ta

#### MONEY RATES

June 16	Ov'r-nig't	One Month	Two Months	Three. Six Months Months	Lombard
Frankfurt	739 34-14 8-8,4 4.40625 12-1832 4,55	712-71 416 018 678-6 4.89378 12-1248 714-746	7 <del>12</del> 712 	4.45 4.60 4.50 4.65 74 74 1 74 74 44 5 51 64 1179 154 71 77 1179 154 71 77 1179 154 1179 154 1179 154 1179 154 1179 154	6,6 7 

of eligible bank bills in band 2 to the money market through and \$433m of eligible bank bills purchases of first category paper. in band 3. Total help came to Retent comments by US efficials had called. for a cut in France In Paris the Bank of France rates so that West Germany reduced its money market inter- could reduce its rates without the vention rate to 7 per cent from making the D-mark's position of 74 per cent when adding funds within the EMS uncomfortable.

4.

6,4910-6,7800 4,9850-4,4445 6,6040-5,6150 3,6750-3,6800

Changes are for Ecu, therefore week currency. Adjustment cab

EMS EUROPEAN CURRENCY UNIT RATES

amounte against Eog June 19 43,8768 7.95207 2.14694 6.64629 2.41634 0.706125 1475.10

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m. 1		m. June 10)			months	178 dollars	
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Over night	7 days notice	Month -	Months	. Six Moaths	Ons Year
		10 20	954-014 954-014	919-96g - 91-918 91-95	014-054 014-014 014-014
104-104		10 4	94 91-01	071	978
Ξ.	· <u>-</u> :	10 944 - 05	917	01.	946
Ē	Ξ	64 86	6.9-6.00 96-65 74-74		7.10.7.15 612-65 71-75
	night 6-11 1014-1038 5-1034 1038-1034	right notice 6-11 104-104 104-104 5-105 10-104 5-105 104-104 105-104 104-104 104-104	night         notice         Month           6-11         101e-10.5e         94-101e           10-10-10.5e         94-101e         10-20-7e           10-20-7e         10-20-7e         10-20-7e           10-20-7e         10-20-7e         95-10-7e           10-20-7e         10-20-7e         95-10-7e	night         notice         Month         Month           0-11         101e-103e         91e         101:0         91e         91e           101e-101e         10-103e         91e         101:0         91e         91e           101e-101e         10-103e         01e         10.0         91e         91e           5-103e         101e-103e         91e         10.0         91e         91e           103e         103e         91e         01e         91e         91e         91e           103e         103e         103e         91e         01e         91e         91	night         notice         Month         Month         Months         Meaths           6-11         101e-10.5e         912-101e         912-101e         912-916

Tressury Gills (sell): one-menth S<sup>20</sup> per cent three months S<sup>2</sup> per cent. Bank Sills (sell): one-month S<sup>20</sup> per cent three months S<sup>20</sup> per cent. Tressury Bills: Average tander rate at discount 9.3522. per cent. ECGD Fixed Finance Soheme IV reference data May 7 to June 3 (inclusive) 10.176 per cent. Local Authority and Finance Houses saven days notice, others seven days fixed. Finance Houses Bass Rates 10<sup>2</sup> per cent. Cardiners seven days of Tax 0eposh: (Series 6): Deposit 2100,000 and over held under one menth 10 per cent con-three months S<sup>2</sup>, per cent that 310,000 S<sup>2</sup> per cant from Jone 5. Deposita held under Series 5 S<sup>2</sup> per cent. Deposits with-drawn for camb S<sup>2</sup> per cent.

The table below gives the letest available rule of exchange for the pound against various currencies on Jone 16, 2906. In some cases rule is name rules are the average of buying and sulling rules except where they are shown to be otherwise. In some cases market rules have been coloulated i of foreign currencies to which they are tind.

talian mallabis; (F) fran note; (F) hanni an U.S. dailar purilies and going starling-dailar mics urchi rate; (ch) committe rate; (Ta) financial rate; (czC) auchunge cartificzie note; (ac) ann (a) afficial rate; (ng) sulling rate; (c) controlled rate; (a) antified rate.

COUNTRY	CURRENCY	ALUE OF	COUNTRY	CURRENCY	VALUE OF	COUNTRY	CURRENCY	VALUE OF & STERLING
	Additional .	99.00		Cadl Elbrahar 5	137.54	Paneta	Ballage	1.5725
Algeriz	Diamet .	10.06	Gibraliar		1.0	Paper New Galaca	King	1.4529 .
	French Franc	7.475	Greeke	Drackman Deniate Krone	211.75	Paragenty	Convant	365.76 (10)
Autorra	Scalin Pasts	214,815	Creende	E. Carlobean S	4.1189	Pers	Inti	L1069.07 (7)
Angola	Kannakan	45.60	Cantoleupe	Locat Franc	10.6850	Phillipines	Phillipine Parm	30.60
Antight	E. Carlineer S	4.1109	Cumit	U.S. \$	1.5225	Pitcaire Islands	J X. OCETHING	
	Antrai Finte	1.3273 2.7405	Guateenia	Cipetzal Franc	1.5225			2.8442
antenita .	Australian S	2 1807	Galans-Riversi	Pranc. Peso	518.67 (1.9) 260.07	Potent	Zioty	2%6.45 225.75
	Australian \$ Schilling	21.595	Game	Country 5	6.0790	Partia Rica	U.S. 5	1.5225
	Pertoporte Escale	225.75	Nate	Gourde	7.6125	Cetter	Quint Ryal	5.5580
		1.5225	Hombras	Length	306.52	Remains tale de la	Francis Franc	30,6850
	Roburn S	11575	Hong Kong	H.K. S	11.7150	Romania .		(cm) 6.77
haten's interio	Standale Peerter	214,285	Kungery	Foriat	69.496	100-100-000	Les	LOVCJ 18.93
	Tale	45.20	Instant .	Icolandic Kross	62,7060	Romanda	Rounds Franc	132.55
	Automies \$	3.0622		Indian Report	16.00	St. Christepher	E. Carlibaan \$	4.1189
leigiam	" Belgium Franc	(cm) 68.45	} Independent	Taplais Rial	1.722.29	St. Helena	St. Helera S	10
		1000 69.05	1mm		119.35	St. Lucia	E. Caribbean S	4.1189
	A PA Barrow	554.25	Iraig	trast Plant	0.4651	St. Plevre	Local Franc E. Cartibleau S	10.6830
	Ourmation S	1525	Intel Republic	Part	1.1049	Lance American	U.S. \$	1.5225
Inter	Carlot Print: Dermotion S Highligunti Ballying Prop	18.80		Lina .	2 300.0	San Merino	Stallan Lire	2.300.0
	Soliving Fran	(a) 290(352.0	Ivery Coast	C.F.A. Franc	2,300.0	São Tonit & Principe	Dobra	59.1215
	Pale Granda	3.0955				Spud Arabia	Saudi Ryal C.F.A. Franc	5.7220
rente	0.5.5	21.04 (20)		Jerusican Dollar Yes	8.1448 (m)	Services	C.F.A. Franc	534.25
	Brand S	3.3528	Jorden	Jordanian Dinar	0.535	Siorra Leone	S. Roper Loom	9.16
Marie	La	14095	and the second se				Simmer S	3.3050
eriden Ferre	C.F.A. Franc	554.25	Kampaches	Field Factoria	NA	Selones islands	Singapore \$ Solocian Is, \$ Somell Shifting	2 12154
	April .	11.0652	Kiribati	Kenya Shitting Amteralian S	24.50	Sonal Republic	Somell Shilling	54.81
a section of the sect	Perundi Franc	259.05	Kores (North)	Wee	1.4312	Senth Africa	Rand	3.8428
	C.F.A. Frenc	534.25	Keres (South)	Was	1.552.89	Sport starting	Pescia	224.615
and a second sec	Contraction of Contra	Z.11075	Kowait	Kanyaiti Diser	0.4465	Spalin	Peseta	214.625
any interio	Spacish Pennia	214,815	Laos	New Kip	53.28	Sri Lanka	S.L. Reper	42.30
ape Verde latands	Cape V. Escado	233.91	Lebertin	2. Streets 5.	60.45	Sadate Republic	Sector & Lat	3.80
arte State	Cityman Intes. \$ C.F.A. Franc	12731	Letothe	Niatuti .	5.6428	Surfation	S. Colider	2.7177
	CFA Franc	34.25	Liberia	Liberian S	1.5225	Swanitand	Swedish Krocus	3.8428
	Children Press	290.09	Lingt	Libycen Diener Swiss Franc	0.4508	Switzerined	Suries Franç	20.8750
	Ranminki Yung	4.3677	Linchtmatien	Liberationry Franc	2,7650			100 00 9.0
	Col. Pees	(F) 299.31				Syrta	System &	L(cm) 5.9756
	C.F.A. Franc	594.25 594.25	Macao	Palaca	12.3848	Tabana	Harry National C	58.13
ongo (Brazzella)	C.F.A. Franc'	00 83.64	Mateira	Portogerese Escarto M.G. Franc	225.75		New Talwas \$ Tax, Shilling	43.00
	Cuben Rece	1.3244	Malagery Republic	Kingsin	2,3775	Timilard	C. allow	39.75
Pris	Cipres \$	1.5244 0.7565	Maintain	Riccelt	3.9758	Teat Remblic	C.F.A. Franc	39.75 534.25
	the second se	(com) 9.02	Maidive Islands	Ringgit. Ruffyrn	10.6575	Tonga Islands	Palation Trialded & Tob. \$	2.1679
wheelester	Scottine.	15.04 (T) 15.04	Mail Republic	C.F.A. Franc	534.255	Tristind & Tobaga	Tunislen Diter	5.4630
			Martician	Mailete S Local Franc	0.5850	Tertery	Taritish Lina	1.1215 (1)
	Danks Kroper	124025	Hantania		117.46	Turis & Calcos Islands	U.S. S	1.5225
ibout! Republic of	E Caribinan \$	260.0	Manrithan	Cognition Rappe	20.15	Tuniki	Antraftan S	2.1879
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mater	Same	Te 166.50	Miquias	Local Franc	10.6850		United Pero	1.5225
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and a state of the second s	Fulldani him. S	20	Name islands	Assessment S	2,1879	Venezata	Bollyar	(5) 11.42
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I isted	F# \$	17140	Nectoriands	Guider	3.775	Victoria Islands U.S.	Dong U.S. S	(6) 11.62 (15)
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eich C'ty is Africa	C.F.A. France	10.6850	New Zooland	Cordoba	(a) 4L42		Tala	(A) 346.5
and California	Lacit Franc	10,4850	Higer Republic	C.F.A. Fries	534,25	Yaman (North)	Ryal	(4) 10.6855 (m)
unch Calenta	C.F.P. Franc	185.00	Nigeria	Neire	1601646 (cg)	Yames (South)	S. Yenes Disar	0.5254
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1034 113 (res. Pec.) 1037 867 (res. 9a)	912 96tt 100 H 100 8.99	631         627, Marcanet (JP) 525         571,+734, 52.6         20           635         326, MV MEX S1         632,+14, 52.6         61           20         206, MV MEX S1         205, 214, 52.6         63           215         236, 214, 52.6         236, 214, 52.6         63           219         213, Pacific Gas & Elec 53         26, 214, 52.6         63           346, 27         Pacific Teles 52.0         35, 414, 52.6         63	275       117       Mariner (Mag)       287       -2       3.11       4.0113       572       572       572       572       572       572       572       572       111       1132       1136 <t< th=""></t<>
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90 Danverian 90	Parc 2001         Image 1         100         924           V102         Image 1         100         946           V102         Image 1         100         947           V103         Image 1         100         947           V103         Image 1         100         947           V103         Image 1         100         947           V104         Image 1         120         947           V104         Image 1         120         943	36         29         36         20         37<	Mile       GS       Maximum       Max
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10 State Conversion 99 Conversion 992 Conversion 992 Conversion 972 Exchange 111 Greats, 1284	7-20:2004         10:10:10         2:20           9:5:2005         10:10:10         10:20         2:20           0:5:4         10:10:10         10:10         10:10           0:5:4         10:10         10:10         10:10           0:5:4         10:10         10:10         10:10           0:5:4         10:10         10:10         10:10           0:5:4         10:10         10:10         10:10           0:5:4         10:10         10:10         10:10	32%         20         MAthot Energy Con- 270         22	100         77         Over Hinddings 300         300         77         110
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	Undated	[ 11 (8/3# (#Echo Sig Milles	138       85       85       131
47 36.3 Doends Apr 42 3333 War Lean 3 55 45 Cone, 37,90 367, 2843 Frans. Spc 297, 244 Contobs 27,9 297, 235 Trans. 27,9 297, 235 Trans. 27,9	441         894            1014         375         6.67            66 M.         379 HL         6.77            2014         379 HL         6.77            2014         201 HL         6.77            2014         201 HL         6.77	75:b     975:b     <	
and see being a se	index-Linked	OTO         10th         Interfer         60th	372       770       376       12       14       37       37       15
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106 92 Da. 29pc 11175 964 Da. 29pc 93% 80% Da. 29pc 10116 80% Da. 29pc	101         1021         1         121         338           111         624,11         1077         1         338         335           113         625,51         1014         3         337         337           123         625,51         935         1         332         337           126         625,91         935         1         342         327           126         622,01         935         1         312         327           126         622,02         935         1         312         327           126         622,03         935         1         312         327           126         622,03         935         1         312         327           127         627,23         627         312         327	BANKS, HP & LEASING	120       111       Dn. W HY       206       44       220       117       110
Properties real roduing C2 5%, (b) Figures in ie 8 months prior to ist	an         C37(1)         1127         -4         2.72         3.46           b         C35.79.1         1225         -4         3.27         3.55           c3         C33.07.1         1265         -4         3.28         3.55           c3         C31.07.1         1265         -4         3.27         3.46           c4         C31.07.1         1265         -4         3.28         3.46           c5         C24.11         1265         -4         3.28         3.46           c1         C204.11         1267         -4         3.28         3.46           11         C204.11         1267         -4         3.28         3.35           12         C201.71         1267         -4         3.28         3.35           12         C201.31         976         -4         3.21         3.37           13         C52.20.1         976         -4         3.21         3.27           12         C327.31         976         -5         3.06         3.22           12         C327.31         977         3.27         3.27         2         3.27           12         C327.31         977	BANKS, HP         LEASING           13961         Smat         Pha         LEASING           13961         Smat         Pha         Max         Pha           201         AUX SAL         239         -6         Otic SL         Ad 320           210         Mix SAL         239         -6         Otic SL         Ad 320           210         Mix SAL         239         -6         Otic SL         Ad 320           220         TSO         Admonstree F01000         GESSP+21         VG27H         0         27           221         TSO         Read telds         227	
	BANK AND O'SEAS STERLING ISSUES	83         63         Austracter (H) Jµ         88         67         67         7         7         7         7         7         7         7         7         30         30A         250         7         31         30A         250         7         33         30A         250         600         Base of statuster         003         600         80         91         250         338         Base of statuster         003         80         80         92         500         500         Base trained triangender         003         92         40         40         9         40	Clip Clip Clip Clip Clip Clip Clip Clip
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1 Da Start	8, 12% oc 2000 - 2,77 a 2015 - 5,5 9,73 ex La 1907 - 2,5 - 1,5 9,73 pcia 2007 - 1,5 9,73 pcia 2007 - 1,5 9,73 11,70 10,4 9,8 11,70 10,4 9,8 11,70 10,4 9,8 11,70 11,70 10,4 9,8 11,70 1	Wild         240         Columny Suchting         325         +30         g2013         =         17         17         =         17 <th17< th=""> <th17< th="">         17</th17<></th17<>	CD       727       D.C. Sci.       937       133       2       131       133       164       126       172       133       140       133       140       133       140       133       140       133       140       133       141       133       141       133       141       133       141       133       141       133       141       133       141       133       141       133       143       113       210       133       141       133       143       113       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143       143 <t< th=""></t<>

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GOVT STERLING ISSUES	E165 £100 Barct de Santander _ £135		423 276 K Departe	122 122 441 24 114 128 332 441 6 au - 322 47 117 26 34 1156	E284 E27
111         111 <td>8 260 230 Eb Lemat OliOFL 260</td> <td>97         67         1144         91         92         44         6         12         6           010         727         -00         927         +13         32.0         22.2         4.6         11         -           56         41         Desp.         927         +13         32.0         2.2         4.6         11         -           56         42         Desp.         927         +13         32.0         2.0         11         -           56         42         Desp.         90         90         +33         12.1         -           57         43         Desp.         90         +34         12.2         10.1         -           58         42         Desp.         90         90         +33         12.2         10.1         -           59         42         Desp.         90         90         +33         12.2         10.1         -           50         42         12.3         12.2         12.2         10.3         -         11.2         10.3         10.3         10.3         10.3         10.3         10.3         10.3         10.3         10.3         10.3</td> <td>245         144         440         340         24         195           125         125         57         146         146         145</td> <td>152         152         152         167         42         41         24         131           376         372         47         167         42         41         24         141           376         372         47         167         167         162         163         156           344         232         47         167         167         162         163         164         156           354         236         47         168         42         167         102         124         164         102         21         165         164         102         117         20         42         145         164         117         20         42         145         144         145         145         145         145         145         145         117         20         42         145         145         145         145         145         145         145         147</td> <td>205 194 martin House 202 112 0 330 0</td>	8 260 230 Eb Lemat OliOFL 260	97         67         1144         91         92         44         6         12         6           010         727         -00         927         +13         32.0         22.2         4.6         11         -           56         41         Desp.         927         +13         32.0         2.2         4.6         11         -           56         42         Desp.         927         +13         32.0         2.0         11         -           56         42         Desp.         90         90         +33         12.1         -           57         43         Desp.         90         +34         12.2         10.1         -           58         42         Desp.         90         90         +33         12.2         10.1         -           59         42         Desp.         90         90         +33         12.2         10.1         -           50         42         12.3         12.2         12.2         10.3         -         11.2         10.3         10.3         10.3         10.3         10.3         10.3         10.3         10.3         10.3         10.3	245         144         440         340         24         195           125         125         57         146         146         145	152         152         152         167         42         41         24         131           376         372         47         167         42         41         24         141           376         372         47         167         167         162         163         156           344         232         47         167         167         162         163         164         156           354         236         47         168         42         167         102         124         164         102         21         165         164         102         117         20         42         145         164         117         20         42         145         144         145         145         145         145         145         145         117         20         42         145         145         145         145         145         145         145         147	205 194 martin House 202 112 0 330 0
	8         302         315         Bank Southand Linner         307         1+2         313         315         316           3         397         438         Bank Southand Linner         407         1+4         116         317         314         78           5         357         443         Bank Southand Linner         407         1+4         116         317         314         78           5         455         405         1405         1405         122         -22         1         -           5         466         108         Boundame Mart 174         335         -         151         72         172         173         113         -         151         72         173         100         8013         617         -         -         407         240         2013         -         173         172         173         113         -         151         72         173         100         8013         617         -         -         150         172         173         113         -         174         174         174         174         174         174         174         174         174         174         174         174		%         75         34         14         35         200           44         37         38         -2         303         34         35         200           45         37         38         -2         303         34         35         200           45         37         36         36         37         30         43         34         200           45         37         36         30         43         34         200         30         43         34         200         30         43         34         200         30         43         34         200         30         43         34         200         30         43         34         200         34         200         30         43         34         200         30         43         34         200         30         34         200         30         34         200         30         34         20         34         20         30         34         20         30         30         30         30         30         30         30         30         30         30         30         30         30         30         30	5002 1290 147-100 1592 150 14 14 15 330 229 150 150 150 150 150 150 150 150 150 150	1754 10 www.ernes
1 Dr. 107-pc 2001	9 146 109 Bostern Hart Tru- 9 146 240 Exter Alter £1	523 Earlyfrom last, 27 ftr. 20. 521-54-5 (1000%) 53 1.4 (124	150 134 Hiteman Strate 200 Laure 1225 35 25 158	X15         Z10         Arr (A.C.)         Z70         Arr (A.C.)         Arr (A.C.)           X10         JV5         Frank         JV6         Arr (A.C.)         Arr (A.C.)           X10         JV5         Frank         JV6         Arr (A.C.)         Arr (A.C.)           X10         JV6         Frank         JV6         Arr (A.C.)         Arr (A.C.)           X10         JV6         Frank         JV6         Arr (A.C.)         Arr (A.C.)	200 1000 English
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112% 109% Birmingham 139-pc 1989_ 1313-44 12.08 9.4	5 102 66 Gelmen Post 90 123 26 50 1/4 1 315 162 Hautra 20 225 +13 165 - 41	0         1 <th1< th=""> <th1< th=""> <th1< th=""> <th1< th=""></th1<></th1<></th1<></th1<>	***         55         ***         100         41.5         123         4           \$27         55         ***         57         57         57         52	1122         145         Carris Nithing	56         25         Fitzendrum         56         10         42         159         42         159         42         159         42         159         42         159         42         159         42         159         42         159         42         159         42         159         42         150 <th150< th=""> <th150< th=""></th150<></th150<>
1124 1094 Bitmingtum 139-pc 1989 1313-4-4, 12.06 9.42 1209 1094 Da, 11-9c 2012 1217 4-4, 9.48 9.7 1099 100 Berniey 139c 1987 3027 1223 1309 1009 96 Berniey 139c 1987 927 4-4, 12.03 11.04 11.03 11.04	1 201 202 HH Samed 37.2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		65 54 Marring Electronics 94 0.1 4.3 0.3 % 82 Marring Tath, has 8264+32a 0.5 € 1.0 €	726 241 Da. ₩ 84	100         strongs (RE0.30)         170         +2         and: 1* 4.0         22         175           60         52         Folder (Ind 100)         48         -2         Ind -12         -2         122           122         1300         Folder (700)         130         -2         Ind -12         -2         124         +2         -2         124         +2         -2         124         +2         -2         124         +2         -2         124         +2         -2
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COMMONWEALTH & AFRICAN LOANS	0         130         210	3월 4월 1월 1월 1월 14 1월 14 1월 20 20 20 20 20 20 20 20 20 20 20 20 20			90 579-16 camite Santace Sila 72 -1 21 + 41 + 130 121 Harren (E.) & Part 50 123 -2 H3.4 27 14 133
93 79 0/2 74 pt: 1989 92	7' £122 £79 Otterten Bank £20		3//         1/2 <th1 2<="" th=""> <th1 2<="" th=""> <th1 2<="" th=""></th1></th1></th1>	253         137         Group 200         200         -2         €33.5         225         18.8           890         755         Barbyword 200         570         +101         95.9         1.5         9           250         170         Hillages 100         228         -3         #259.35         1.9         16           253         180         Hillages 100         228         +3         #229.35         1.9         16           253         100         Hillages 100         285         +2         42.2         2.2         17.3           45         75         Home Fam 100         -61         +1         325 33.5         5.7         7.1	267 1275 Istaina 10
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100.1         998.1         Do 11% to 11.0.65         200.3         11.22         10.0           100.4         993.1         Do 11% to 10.05         300.9         11.22         10.0           100.4         993.1         Do 11% to 10.05         300.9         11.23         10.0           100.4         993.1         Do 11% to 10.05         300.9         11.03         97.1         10.0         11.0.0         10.0.0         11.0.0         11.0.0         11.0.0         11.0.0         11.0.0         11.0.0         11.0.0         11.0.0         10.0.0 <td>ST         St         Castley (Media 109-19         35         12         1.9         4.6         15.1           G1200         CORD Core For 100         STR 4-22         MEDISTR         -         12         -           2774         Dir Barty Actions         STR 4-12         MEDISTR         -         12         -           2775         To statis Actions         STR 4-12         MEDISTR         -         12         -           2776         To statis Actions         STR 4-12         MEDISTR         -         12         -           2776         To statis Actions         STR 4-12         MEDISTR         -         12         -         12         -         12         -         12         -         12         -         12         -         12         <td< td=""><td>100         100<td></td><td>212 240 Mortuur Fautr 192</td><td>200         76         Bestair         197         942         953         9           96         65         Hornt L1         91         -27         62         62         7.7         1           450         225         Hildse Paid Ser. 100-         265         45         1</td></td></td<></td>	ST         St         Castley (Media 109-19         35         12         1.9         4.6         15.1           G1200         CORD Core For 100         STR 4-22         MEDISTR         -         12         -           2774         Dir Barty Actions         STR 4-12         MEDISTR         -         12         -           2775         To statis Actions         STR 4-12         MEDISTR         -         12         -           2776         To statis Actions         STR 4-12         MEDISTR         -         12         -           2776         To statis Actions         STR 4-12         MEDISTR         -         12         -         12         -         12         -         12         -         12         -         12         -         12 <td< td=""><td>100         100<td></td><td>212 240 Mortuur Fautr 192</td><td>200         76         Bestair         197         942         953         9           96         65         Hornt L1         91         -27         62         62         7.7         1           450         225         Hildse Paid Ser. 100-         265         45         1</td></td></td<>	100         100 <td></td> <td>212 240 Mortuur Fautr 192</td> <td>200         76         Bestair         197         942         953         9           96         65         Hornt L1         91         -27         62         62         7.7         1           450         225         Hildse Paid Ser. 100-         265         45         1</td>		212 240 Mortuur Fautr 192	200         76         Bestair         197         942         953         9           96         65         Hornt L1         91         -27         62         62         7.7         1           450         225         Hildse Paid Ser. 100-         265         45         1
Public Board and Int.		375         370         Chard         375         651         652         651         122           560         668         Conto Vipelin 2by         376         146         322         127         153         134           265         149         Conto Vipelin 2by         376         146         4771         130         353         134           376         376         Damot Vipelin 2by         376         1471         130         353         134           376         375         DAMOS Sharpman W         378         157.7         23         1154         127           376         375         DAMOS Sharpman W         378           137.7         23         1154           377         24         Hot Brett Unit Vibro         378           137.7           377         44         Drubitist (111)10h         94m         40.87         431         434         234.2           376         376         Distributit Hotin, 10h         477         431         43.4         23.4         23.4         23.4         24.5         24.2         24.2         24.2         24.2         24.2         24.2         24.2	265         266         100         535         1         11.85         62.5         52.6           900         640         scames 10         540	500 400 Premier Grp R0.50. 440444127 06c 4 51 4 244 157 Rolls	127 305 Millio Maran Ib. 1224+22 6325 + 5.0 +
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SD         48         Da dec Wheel Ass.         49	375         310         Minardam Graffweitz         330         -5         334         24         47000           100         75         Micchand Hernis         300         -5         334         24         14         900           114         77         Micchand Hernis         300         -1         19.97         5.0         24         11.0           390         350         #Micry Hernis         305	12 III (17 Han 16 + 7 + 45 + 55 + 5 37 24 Lades Aria 22 35 35 97 13 1	776 216 UC 10 - 20 +2 51 + 27 + 777 210 United 10 - 278 +3 754 25 3.0 136	140 113 (Man Leiser 7 134 4 4 93 0.4 318 105 59 Jon Exempter 20 36 134	66 1 42 Lanter For Lannas Hides and Traffer 1244.0 (47)63
AMERICANS	375         310         Marchanik Gunfrett	225 138 Las Conjer	120         58         -4         0.758.46         42         13.3           545         350         #Thermal Scientific.         228         -5         77.01         13.5         45           545         350         #Thermal Scientific.         585         +335         5.00         41.35         43         5.53         41.35         45         5.53         41.35         45         5.53         41.35         45         5.53         41.35         43         5.53         5.01         43         5.26         5.01         33         5.02         5.01         33         5.02         5.01         31         5.01         33         5.02         5.01         31         5.01         31         5.01         33         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01         31         5.01 <t< td=""><td>HOTELS AND CATEREERS HOTELS AND CATEREERS</td><td>1911 243 Lep Grow 29</td></t<>	HOTELS AND CATEREERS HOTELS AND CATEREERS	1911 243 Lep Grow 29
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444 341 Det Atlants 3 4474+14 \$7.25 110 15 \$250 \$75ch Stort 58 189	123         133         1000 Control 11         111         111         121         147         8.9           273         255         Breedon Line         100         100         111         137         122           100         71         Britismus Bulley Line         135         111         137         123		24. 16 Baller (C. H.) 16 (16 145) (16 14 14 14 14 14 14 14 14 14 14 14 14 14	222 100 FASD CI 202 - 20 50 53 83 110 37 Austra Bra 10 - 15 - 42 18 62 20 53	175 17 (Maria Linuit) 19- 20
27- 21 Browny Fr. 163; 247;+1 1640 12 25- 15 Brownster 234;+1 1640 12	143 120 83 4 EA	35         25         27         28         27         28         27         28         27         28         27         28         28         27         21         17         18         19         17         18         19         17         18         19         17         18         19         17         18         19         17         18         19         17         18         19         17         18         19         17         18         18         14         18         14         18         14         18         14         18         14         18         14         18         14         18         14         18         14         11         13         14	215 108 Berrs Ind. 200 175 7.0 2.2 57 12.1 67 47 Resurved 100 62 1253 2.3 160 435	130 99 Mattergreet 10e	34 18 Hannarjatikaan 28 August 1995 1995 1995 1995 1995 1995 1995 199
State         State <th< td=""><td>BUHLDHMG, TIMBER, ROADS           27         25           28         25           29         25           29         25           29         25           29         25           29         25           29         25           29         25           29         25           29         25           20         25           20         25           20         25           20         25           20         25           21         26           22         25           23         25           24         26           25         25           26         25           27         25           28         27           29         27           20         25           21         27           25         26           26         27           27         27           28         27           29         27           21         27           27</td><td>111     1731     605 A     208 + 14     1114     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     4.2     11.4     4.2     11.4     1.2     11.3     1.2     11.4     7.2     11.3     1.2     11.4     7.2     11.3     1.2     11.4     7.2     11.3     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     1.4     7.4     1.4     1.4     7.4     1.4     1.4     7.4     1.4</td><td>ENGINEERING 575 245 AFV 310</td><td>INDUSTRIALS         (Hitscel.)           240         179         AAI         240         +131         #6,71         22         5.0         15.7           2570         174         A65 Accentric May         500         +131         #6,71         22         5.0         15.7           2577         174         A65 Accentric May         500         -00         45.0         12.4         \$0.7           125         94         A65 Accentric May         120         -1         46.75         12.5         4.5         12.4         \$0.7           125         94         A141 100         120         -1         46.75         12.5         4.5         12.4         \$0.7           126         94         A141 100         126          46.75         13.6         \$3.1         \$83         \$83         \$3.8         \$83         \$3.1         \$83         \$83         \$3.8         \$130         \$97         Advantue Born, 120         120         10.5         \$17         \$2.0         \$17.5         \$2.0         \$17.4         \$2.1         \$3.6         \$3.9         \$3.9         \$3.0         \$3.0         \$3.0         \$3.0         \$3.0         \$3.0         \$3.0</td><td>27       23       Mahamaran 100       34       123       124       125       126       125       126       126       127       126</td></th<>	BUHLDHMG, TIMBER, ROADS           27         25           28         25           29         25           29         25           29         25           29         25           29         25           29         25           29         25           29         25           29         25           20         25           20         25           20         25           20         25           20         25           21         26           22         25           23         25           24         26           25         25           26         25           27         25           28         27           29         27           20         25           21         27           25         26           26         27           27         27           28         27           29         27           21         27           27	111     1731     605 A     208 + 14     1114     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     3.4     2.4     11.4     4.2     11.4     4.2     11.4     1.2     11.3     1.2     11.4     7.2     11.3     1.2     11.4     7.2     11.3     1.2     11.4     7.2     11.3     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     7.4     1.4     1.4     7.4     1.4     1.4     7.4     1.4     1.4     7.4     1.4	ENGINEERING 575 245 AFV 310	INDUSTRIALS         (Hitscel.)           240         179         AAI         240         +131         #6,71         22         5.0         15.7           2570         174         A65 Accentric May         500         +131         #6,71         22         5.0         15.7           2577         174         A65 Accentric May         500         -00         45.0         12.4         \$0.7           125         94         A65 Accentric May         120         -1         46.75         12.5         4.5         12.4         \$0.7           125         94         A141 100         120         -1         46.75         12.5         4.5         12.4         \$0.7           126         94         A141 100         126          46.75         13.6         \$3.1         \$83         \$83         \$3.8         \$83         \$3.1         \$83         \$83         \$3.8         \$130         \$97         Advantue Born, 120         120         10.5         \$17         \$2.0         \$17.5         \$2.0         \$17.4         \$2.1         \$3.6         \$3.9         \$3.9         \$3.0         \$3.0         \$3.0         \$3.0         \$3.0         \$3.0         \$3.0	27       23       Mahamaran 100       34       123       124       125       126       125       126       126       127       126
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Financial Times Tuesday June 1986 im Sach pies - Tuesday June 1986 im Sach pies - Tuesday June 1987 im Sach pies - Tuesday June 1988 im Sach pies - Tuesday June 1998 im Sach pies - Tuesday June 1998 im Sach pies - Tuesday June 1999 im States Cons. 30 im - 127 27 34 1330 109 im Sach June 100 im - 126 im - 127 27 34 1330 109 im Sach June 100 im - 126 im - 127 27 134 109 im Sach June 100 im - 126 im - 127 27 134 109 im Sach June 100 im - 126 im - 127 27 134 109 im Sach June 100 im - 126 im - 127 27 134 109 im Sach June 100 im - 126 im - 1 1355 100 im Im - 100 im - 128 im - 1 100 im - 100 100 im Im - 100 im - 100 im - 100 100 im Im - 100 im - 100 im - 100 100 im im - 100 im - 100 im - 100 100 im - 100 im - 100 im	Ite         17         1986         Proce         Constituental         Proce         13986         Bits         13986         Bits         Proce         13986         Bits         13986         Proce         13986	INVESTMENT TRUSTS_Const.           Vrd         1976         1976           Crr Gr PT         High Law         Samt         Prim         - Net Corr Gr PT           Crr Gr PT         - Gig PT         423         - Gig PT         - Gig PT         - Gig PT           Crr Gr PT         - Gig PT </th <th>FINANCE, LAND—Cont.         MINES—Continued           Stock         Price interview of the price interview of the</th>	FINANCE, LAND—Cont.         MINES—Continued           Stock         Price interview of the	
10005 TRIALS         Construction         Property         Property <thproperty< th="">         Property</thproperty<>	LERSURE - Continued 1976 State Stat	INVESTMENT TRUSTS Cont.         THE ALL SECTION FOR TRUSTS Cont.           INVESTMENT TRUSTS           INVESTMENT	castle Noese       277       +5       133.01       2.4       6.2       17.0       Discoord and Platinies         castle Noese       277       +5       133.01       2.4       6.2       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       -       10.7       10.7       10.0       5.5       10.7       10.7       10.0       10.7	
18         50         19%         10% <th10%< th=""> <th10%< th=""> <th10%< th=""></th10%<></th10%<></th10%<>	138     125     139     115 <th>11       0.5       Fill       0.0       Bay First Charlotte Assets       10       0.05       <td< th=""><th>Bits Status         St</th></td<></th>	11       0.5       Fill       0.0       Bay First Charlotte Assets       10       0.05 <td< th=""><th>Bits Status         St</th></td<>	Bits Status         St	
338         195         Portal:         396         07.23         3.2         14         12.9           314         238         Portal:         396         107.23         3.2         14         12.9           3157         100         Prestaich         226         140.33         7.3         6.4         2.9           318         39         Prestaich         222         140.33         7.3         6.4         2.9           319         Prestaich         201.0         222         4.4         2.4         2.4         2.4           517         30.6         Prestaich         3.0         2.2         4.4         2.4         1.4         2.4         2.4         1.4         2.4         2.4	71     28     B.30p     37     Weining and Cycles     20     Price Memory and Cycles     20       70     285     See, Ant. Outs.     284     626     -     137     200     Price Memory and Cycles     230       136     136     146     See.     -     47     -     137     200     Price Memory and Cycles     241       136     136     136     136     136     136     136     137     136     147     230       137     138     136     139     136     137     136     137     138     136     136     136     136     136     136     136     136 </th <th>• • 23       • • • • • • • • • • • • • • • • • • •</th> <th>Bit FBL25         4           Australiants           Bit         370         48         12.75         13.9         RAdater Miss NL</th>	• • 23       • • • • • • • • • • • • • • • • • • •	Bit FBL25         4           Australiants           Bit         370         48         12.75         13.9         RAdater Miss NL	
470         325         125         126         127         137         127         137 <th>107         20         20         212         29         20         114         124         210         127         124         127         144         126         146         127         144         126         144         127         144         124         127         144         126         127         144         128         127         144         128         127         144         128         127         144         128</th> <th><math display="block">\begin{array}{c ccccccccccccccccccccccccccccccccccc</math></th> <th></th>	107         20         20         212         29         20         114         124         210         127         124         127         144         126         146         127         144         126         144         127         144         124         127         144         126         127         144         128         127         144         128         127         144         128         127         144         128	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		
30         10 and	Mill         Mill <th< th=""><th>22         29         92.5         22         105         Kommany no. 500         252 mes         250 mes<th>Der George Jüc., J. 55      </th></th></th<>	22         29         92.5         22         105         Kommany no. 500         252 mes         250 mes <th>Der George Jüc., J. 55      </th>	Der George Jüc., J. 55	
190         122         Botz, Heritable Ts         176         41         311 32         22         157           145         140         Security: Crown         140          0.77         4.6         10.3         12.2           155         140         Security: Crown         140          0.77         4.6         11.2         12.6           163         100         Security: Security: Table 2.0         125          0.77         4.6         11.2         21.6         12.2         12.7         20.4         4.6         11.2         21.6         21.2         12.2         12.7         20.4         4.6         11.2         21.6         21.2         2.6         21.6         21.2         2.6         21.6	173         84         State         Constant         174		Oper Landowicz         200	
215       77       Section introduction       220       120       37       42         98       777       State Section       220       120       37       42         98       77       State Section       220       120       37       42         220       1185       State Section       220       120       37       42         220       1185       State Section       220       120       37       140       112         2265       150       State Section       221       120       421       223       121       111       421       123       121       421       123       121       421       123       121       121       421       123       121       121       421       123       121       121       421       123       121	255     112     255     125 <td>Intel         Intel         <th< td=""><td>Bit A. Col Mark 20     34    </td></th<></td>	Intel         Intel <th< td=""><td>Bit A. Col Mark 20     34    </td></th<>	Bit A. Col Mark 20     34	
248         192         192         217         212         217 <td>Sec       Case PAPER, PREINTING, ADVERTISING       Sec       Sec</td> <td><math display="block"> \begin{array}{cccccccccccccccccccccccccccccccccccc</math></td> <td>277798 a. 233</td>	Sec       Case PAPER, PREINTING, ADVERTISING       Sec	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	277798 a. 233	
194         124         Water Forts, 10,	72 99 entitlement (1) (20 20). 22 (41 11 14 27 131) 192 165 elithemet Branz 16, 192	5 70 1228 565 577 Alteren 11 50 45 115 15 51 31 45 17 475 115 15 15 15 15 15 15 15 15 15 15 15 1	ILbes	
Bit Solution	305     170     effective     306     0120     22     27     70     120     100     senter (7) 3     141.411        203     140     Sente (1.metric)     127     121     120     120     Senter (7) 3     141.411        203     120     Sente (1.metric)     127     123     123     124     Senter (7) 3     142        213     120     Sente (1.metric)     127      125     124     Senter (7) 3     142        121     120     Senter (1.metric)     127      125     128     Senter (1.metric)     142        121     120     Senter (1.metric)     125     +1     201.35     223     128     50     Townloave     132      153.4       121     120     Senter (1.metric)     125     +1     201.35     223     122     50     Townloave     132      143.4       123     123     124     +1     223.25     116     122     50     226     126     127     127     40       124     123     124     +1     126     126     226     300     226     300	3 123         123 <th 123<<="" td=""><td>Line 1       110       121       124       125       <t< td=""></t<></td></th>	<td>Line 1       110       121       124       125       <t< td=""></t<></td>	Line 1       110       121       124       125 <t< td=""></t<>
335     230     Carrae. Grann.     340     74     1.1.9     53     7.4       335     10     (Gleen	62 27 Mater 1955 44 924 56 04 1935 77 69 Mater 199 74 1914 56 04 1935 High Law Stock Price 1 1914 High Law Havestreent Trests	14         27         100	Start 1     Cover down with the start 1     Cover down with the start 1       Start 1     Cover down with the start 1     Cover down with the start 1       Start 1     Cover down with the start 1     Start 1       Start 1     Cover down with the start 1     Start 1       Start 1     Start 1     Start 1	
463       714       production       707       401       203       403       503       401       101       101       403       104       214       413       104       214       413       104       214       214       213       213       213       214	200         126         (#forotinenet	2 0         135         135         135         137         12         137         12         135	Central Rand       330	
141 11244 & M Group 100 1002 0.4 22 42 122 2	GG       323       Marriest       329       121       220       121       22       121       23       120 <td< td=""><td>37         11         Frankestor Union         37         142        </td><td>Construction       Construction       <th< td=""></th<></td></td<>	37         11         Frankestor Union         37         142	Construction       Construction <th< td=""></th<>	
36       19       General Call Cam       21       777       3.1       5.1       6.9       577         203       176       MTV RoofVig       202       777       3.1       5.1       6.9       577         50       30       Hammer A \$0.25       33       777       3.1       5.1       6.9       577         128       92       Horizon       114       44.4       42.5       5.0       44         130       94       Hamile Leiser 100       114       46.4       42.5       5.0       44         130       94       Hamil Leiser 100       100       40.0       42.5       5.0       44         130       94       Hamil Leiser 100       100       40.0       42.5       5.0       44         130       94       Hamile Leiser 100       100       10.6       10.6       10.9       9         355       253       LWT       255       253       114       136       57       13.2       14.7       13.2       14.7       13.2       14.7       14.2       32.4       14.7       14.4       14.5       14.9       9       49       49       49       49       49       41.4 <td>215       130       Calle Prop. Sp. 210       145       472.88       2.9       1.9       2.7       2.7       134       Creations Lama 50       302       4.1       0.3         15       15       16       10.00 c/m (100 - 100</td> <td>112       0.2       113       20       ind. in. 3 low. 19.       105        33       2.0       4.8       14.1       147       130       100&lt;</td> <td>138       -6       Billing 6       165         810       572       430       91         450:       512       91       151         450:       5137       151       151         450:       5137       151       151         450:       5137       151       1010         450:       5141       1010       151         450:       5141       151       113         450:       5141       1010       151         450:       5141       1010       151         450:       5141       1010       151         450:       5141       1000       1215         450:       5141       1000       1215         450:       5141       1000       1215         450:       133       113       113       113         133       113       114       1000       123         100:       33       1000       123       1000         100:       33       1000       1133       113         100:       33       1000       1133       113         100:       1000       1133       10000</td>	215       130       Calle Prop. Sp. 210       145       472.88       2.9       1.9       2.7       2.7       134       Creations Lama 50       302       4.1       0.3         15       15       16       10.00 c/m (100 - 100	112       0.2       113       20       ind. in. 3 low. 19.       105        33       2.0       4.8       14.1       147       130       100<	138       -6       Billing 6       165         810       572       430       91         450:       512       91       151         450:       5137       151       151         450:       5137       151       151         450:       5137       151       1010         450:       5141       1010       151         450:       5141       151       113         450:       5141       1010       151         450:       5141       1010       151         450:       5141       1010       151         450:       5141       1000       1215         450:       5141       1000       1215         450:       5141       1000       1215         450:       133       113       113       113         133       113       114       1000       123         100:       33       1000       123       1000         100:       33       1000       1133       113         100:       33       1000       1133       113         100:       1000       1133       10000	
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### LONDON STOCK EXCHANGE

#### MARKET REPORTS

Account Dealing Dates Option "First Declara- Last Account Dealings tions Dealings Day June 2 June 12 June 13 June 23 June 26 June 26 June 27 July 7 Juno 30 July 10 July 11 July 21 "New-Ume" dealings may take place from 9.30 am two business days earlier. The brighter tone which emerged towards the end of last

emerged towards the end of last week in London markets continued throughout the opening session of a new trading Account session of a new training Account yesterday. Volume was not large but a stream of early buying orders initisted a broad advance in shares and bonds. Investors were encouraged by Wall Street's strength on Friday and he forwardshift by favourable comment oo inter-national interest rates which, as a result of fading world growth, should move lower in the latter half of the year.

The investment lostitutions were again selective io their approach, while private clients

were again selective io their approach, while private clients tended to focus on the uaual lengthy list of weekend Press recommendations, and on sima-tion stocks. The latter tended to hold their gains but around mid-morning many blue chip and leading issues began to drift away from the highest levels owing to the lack of follow-through support. News of the 0.75 per rent fall in May retail sales made acant impact on markets but interest quietened further in the early afternoon and a continuation of the good weekend weather turned thoughts to the four-day Ascot race meeting. Attention was soon diverted back to busi-ness, however, when Wall Street extended its upsurge in the early trade yesterday. The tone im-proved and 6nally the FT-SE 100 share index, after being 13 points up at 10.37 am, closed 11.2 higher on the day at 1,593.6. Revived expectations of a cut in the Gilt-edged sector. A slightly easier sterling exchange rate and the prospect of new official funding following Fri-day's exhaustion of the long tap stock deterred some Investors. Demand was still sufficient to lift 1 all conventional Gilts and certain longer-dated stocks regained § more before easing s off in the after-bours' trade. Index-linked Gilts lost appeal after Friday'a inflation news and p closed with fresh falla stretching to §. shares a net 2 easier at 225p. ICI put on a 8rm abowing and settled 13 better at 957p follow-ing a buy recommendation from a leading broking firm. Amer-sham international moved up 12 to 388p, after 392p after interpre-liminary results and also reflect-ing relief at the absence of any fund-raizing exercise. Takeover speculation saw Wolsterholme Rink improve 15 to 230p, while the sale of its Essex-based plastics business for around f7m directed buyers towards Blagdon Industries, which added 12 at closed with fresh falla stretching

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to 4. Composites better A strong rally by insurance stocks on Wall Street last Friday induced a similar movement by domestic issues yesterday. Closing gains among the Com-posites ranged to 22. Sun Alliance closed that much ligher at 657n, while GRE advanced 19 is at 652p and Commercial Union added 4 at 300p. Else-where, reports of bumper en-downent mortgage business belped Life issues gain ground. Pearl firmed 4 at £131 and Pra-dential appreciated 10 at 767p. Britannle moved up 7 at 840p. Britannle moved up 7 at 840p. Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 closed 22 Comment on the hid situation attracted Investors to Standard Chartered whick closed 22 c **Composites better** 

**Interest rate hope give markets** firm start to the Account

·	June	Jane	Jane	Jame	June	wear	19	66	Since Co	mpila
	26	13	12	11	10	390	High	Low	High	L
Government Secs	91.31	91.07	90.63	90.63	92.41	81.73	94.51 ()8/4)	80.39 (20-1)	. 127.4 (91/35)	44 104
Fized interest	%.B4	96.62	96.64	96.57	97.12	86.18	97.51 122/41	86.55 (23/1)	150.4 (28/11/47)	50 ()/)
Ordinary \$	1318.6	1313.7	1304.1	1301.1	1314.4	968.3	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3-4/86)	126
Gold Mines	196.2	194 <i>A</i>	1923	199.5	208.0	431.6	357.0 (27/1	192.3 112/61	734.7 (15/2/83)	4
Ord. Div. Yield	4.15	4.17	419	4.21	4.18	4.69		S.E. A	TIVITY	
Earnings Yid.%(full)	<u>10.01</u>	10.04	10.13	10.17	10.10	11.72	ln	dices	June 13	Jan
P/E Ratio (net) (*)	12.15	12.11	12.01	11.97	12.05	10.42		Bargains	146.3	1
Total Bargains (Est)	24,958	25,531	24,949	24,665	24,710	23,331	Equity San		177.8	11
Equity Turnover Em	_	549.56	572.78	526.61	466.28	323.24	5-Day Ave	1296	1	
Equity Bargains		27,441	25,562	22,639	23,629	20,406		Bargalos	. 147.8	11
Shares Traded (ml)	-	263.7	215.5	223.8	226.8	172.1	Equity Val	galles	1017.2	1 5
	10 a.m. 1321.4		a.m. 20.6	Noon 1318.9	] [	1 p.m. 317.8	2 p.m 1317		3 p.m. 318.0	4
Day's High 132		ay's Low			9 6					
Basis 200 GovL				R. Dectauro	1/7/35. 6	old Mines	12/955 SE	Activity 19	74 =ND=33.	72.
		_	T ANO		_					_

to 224p awalting Thursday's pre-liminary results. Elsewhere, favourable weckend Press men-

tion left Kodc International 13 up at 218p and Bargess Products 11 better at 255p. Thermal Scientific, still reflecting last Scientific, still reflecting last weeks good results, advanced 35 further to 545p. A late specula-tive Surry left Bowthorpe 17 bigher at 572p and MIK Electric 15 to the good at 378p, while Rotaflex put on 13 to 380p await-ing further bid developments. Amstrad were quoted ex the four-for-one scrip issue at 118p, up 11 Queens Most, 70p, and London Park, 525p.

Rank Org. ease Bank Organisation became an unsettled market following news of the proposed purchase of 36 social and bingo clubs and 42 High Street amusement centres Secondary Engineers recorded several noteworthy movements. Birmingham Mint responded to from Ladbrokes for £67.5m; tha sbares fell away to 513p before recovering a little to close 15 down on the day at 517p. Pent-land, in contrast, remained in Birmingham Mint responded to a newsletter recommendation with a gain of 10 at 185p, while buying ahead of Thursday'a interim statement left A. Lee 4 better at 75p. Renold, scheduled to reveal preliminary figures on Friday, put on a similar amount to 85p, McKeehnie, the subject of an unwelcome bid from Evered, bardened a couple nf pence tn 2550 following the profits and land, in contrast, remained in demand and put on 25 further to 890p, while a Press mention enlivened interest in AAH which advanced 19 to 240p, Henry Boot, still reflecting the sale of two subsidiaries, improved 7 more to 292p, but Flexello fell 6 to 110p on lower half-year earnings. Renewed aneculative demand Renewed apeculative demand left Ecobric 7; higher at 29;p zd, while newspaper romment prompted fresb bld speculation in Metal Closures, 8 to the good at 152p. Bodycote, a good mar-ket last week on the proposed Hotation of Its Dutcb subsidiary, improved 10 more to 300p, but improved 10 more to 300p, but Erskine Honse eased a few pence to 152p after the preliminary figures, proposed £10.1m rights Issue and acquisition news, Pearson hardened aftesh to 528p offer weakend comment before Pearson hardened afresh to 528p after weekend comment before reacting on profil-taking to close 6 cheaper on balance at 521p. Leading miscellaneous Indus-trials managed small gains on the day, but Reckitt and Colmain remained an unsettled market at 784p, down 15. Western Motor were again to the fore among Distributors, rising 12 more to 138p as buyers, enrouraged last week by a favourable Press, continued to express ronfidence awaiting the

results, reacted on profit-taking to close 2 easier at 278p. Reports that a near-f600m US bid for its hotel divisinn bad been rejected excited Grand Metropolitan which advanced tn 415p before closing 2 dearer on balance at 408p. Elsewbcre in Hotels, press-inspired gains of 2 and 5 respectively were seen in Queens Moat, 70p, and London RISES AND FALLS YESTERDAY vived takeover speculation lifted DRG 6 to 238p, while Jnhn Waddington, preliminary figures expected tomorrow, put on 10 more to 805p. Publishers high-lighted EMAP which rose 10 to 2000 with the more widely British Funds ..... Corpns. Oem. and Foreign Bonds ... Industrials .... Financial and Props. 220p, with the more widely-traded "A" shares 15 up at 151p, tations as dealers expressed satisfaction with the sharply increased annual results and proposed scrip Othe Totals

In the South African currency

**Traded Options** 

85

775

issue. Textiles trended firmer where altered. Couried miner where altered. Couried led the way, rising a few pence to 269p, aided by full-year 6gures from its clothing subsidiary. Dawson, due to announce annual results on YESTERDAY'S ACTIVE STOCKS Thursday, hardcned 2 to 234p, while buyers also returned for Illingworth Morris, 6 np at 124p; the preliminary figures are expected next Monday. News of a sizeable stake changing hands 

lifted Atkins Brothers (Hoisery) 184 to 218p xd. Luces Industrias ...... Marks and Spencer . Unigate Veel Reefs Woolworth

184 to 218p xd. Exco International advanced 10 to 222p as Tan Sri Khoo Teck Puat increased his stake in the company to just nver 26.5 per cent. Elsewhere in Financials, Authority Investments were marked 62 higher to 190p fol-lowing the agreed bid from Messrs Backhouse, Campbell and Innes via Charterbouse Bank. In contrast, profit-taking clipped 5 from recent speculative high-filer James Ferguson at 73p. Leading Oils managed, minor First Deallogs

Leading Oils managed minor gains across the board. Shell rose 10 m 792p and BP touched 576p before easing late to close a fraction harder on balance at included 571p. Britoli improved 5 to 170p. Burmah, belped by favourable comment in the weekend Press, advanced 8 to 370p.

phone Rentals, Federated Hous-Secondary issues weer high-lighted by renewed strength in ing, Barker and Dobson,

in the South African currency and in South African share-markets. The Financial Rand, which last week dipped helow 20 cents, picked up strongly to around 24.75 cents before easing back to around 23.75 cents EUROPEAN OPTIONS EXCHANGE Her. Feb. Aeg. Last Vol. Last Vol. Lost back to around 23.75 cents, and Vol. 
 List
 va.

 134
 15

 350
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 1.70
 11

 0.80

 0.30

 1.59

 3.50

 7
 18 124 194 104 74 encouraged persistent short covering in recently beleaguered Ξ \$101.10 1111-1-111 gold and related issues. The 87023371 111141 latter were marked higher at 1 the outset and made sustained Ξ progress before turning easier ᇏ late in the session, when precious metals prices suddenly came under pressure. Weakness Pec. In gold and platinum was attributed to fears of forced sales of metals by the South African Government in the event 2501 15 28 Ξ 200 10 150 F13756.00 F1240 3206 1 = ) 8.30 8.23 4.305 15 144 BREESSERSNers African Covernment in the event of the imposition of hard eronomic sanctions by Western nations. Gold, fully steady around \$347.5 throughout the morning, fell sharply to close a net \$8 lower at \$339.75 an ounce. 4 8.50 25 6.60A 1.30 1.50 3.30 4 3 1200 77.70 7.70 77.71 7.70 77.71 LENSERI <u> 7.50</u> ė while Platinum retreated from an initial \$443.5, was quoted around \$431 during the after-noon. The Gold Mines index showed a 1.8 rise at 1952. 12.20 15 204 22 15 Elsewhere Janiar added 2 at 7.50 8.50 3.40 0.80 2.706 1.10 5.90 1.562.50 10 1441787272588435588 1120 120 a 1986 hlgb of 27p in response while Greenwich Resources, in-volved in a gold mining project FL113.10 320 540 330 1220 14 8.50 FL20.60 160 16.50 R171.10 in the Sudan, rose 5 to 102p. 3 2.308 53 650 270 10,30 3,50 3,50 27 FL82.20 7 250 14 510 4304 183197 FI.10740 Subdued conditions continued 040 340 120A to prevail in Traded Options. Total contracts transacted amounted to 12,008-9,050 calls and 2,956 puts. Much of the session's activity centred on BTR which attracted 4,170 calls. F1.289 Z Z 7.30 F174.50 0.408 0.50 1.50 2.90 0.50 2.70 4.20 14.50 14.50 14.50 14.50 14.50 2.90 0.40 5.48 2.90 0.980 2.90 350 7.90 2.20 4.50 10.08 6.90 3.30A 2.30 5.90 7.90 1.25 7.90 2.50 35 2492224984 ~ 15887 44 31 7235145 60339 149 67 47 FLT16.90 121-121 3.40 340 14.50 R.49 NEDL C HEDL P NATN C NATN P PHIL C PHIL P RD C RD P UNIL C UNIL P PL177 9. FL87.80 187 140 130 3.80 6.50 11.50 FLSLID FL296 Falls Same 13 12 26 35.90 e 14.50 FI.480 FLAT7.50 2 223 58 13 1 21 24 39 812 313 83 IN CONTRACTS: 26.974 TOTAL VOLUME A-Ask 8-8id C-Call P-Pet 9 110 113 FRIDAY'S ACTIVE STOCKS ...... 947 357 1.499 aasad on bargaine recorded in Exchange Officiel List. 172 227 126 293 184 163 222191877 AE Helical âst Victiern Motor Baecham Tozer Kemstey Appleyard ..... +25 No. of Fri changes closa . 33 865 . 27 944 . 27 293 . 25 582 Day's chango --40 +-25 +-27 + 1 ±19 Stock entland Inde. ICI ...... Int. Sig. & Cn. Ametrad ..... 17 435 72 +15+1 Ford (Martin) . 17 When prices matter – Finstat delivers the FT prices online. Unit Trusts, Equities, Gilts, Indices, Daily to your desktop computer. + 10 TRADITIONAL OPTIONS Last Last For Deal- Declara- Settle-ings tion ment The prices that mean busines June 9 June 20 Sept 11 Sept 22 June 23 July 4 Sept 25 Oct 6 July 7 July 18 Oct 9 Oct 20 To find out how to get the prices that mean business. contact Colin Devereux at Finstat on DI-242 8948. For rate indications see end of Unit Trust Service Druste to Finstat, Financial Times Business Information **Greystoke Place, Fetter Lane, London EC4R NO.** Stocks favoured for the call British Telecom Amstrad, Westwood Dawes Polly Peck, Artbur Lee, Tele-

3550. Other clearers were quietly firm with NatWest the good at 468p and the nll-paid a couple of pence be

nlipaid a couple of pence be at 262p. Yesterday's newcomer to Unlisted Securities Mai Hodgson Holdings staged a cessful debut, openiog closing at 92p rompared v the placing price of Söp. Guinness revealed inle profits at the top-end of mai estimates and hardened a

estimates and hardened a peoce to 303p, after 305p. ( lezding Brewerles closed a firmer for choice with Whith "A" 8 dearer at 285p. Dec also reported revived into among Regionals. Belhaven

2 to 46p on support ahead o 2 to 400 on support anead on imminent aboual results, w Press comment saw J. Devenish rise 324 more to xd. Wulverhampton and Dn closed 16 bigher at 523p. The Building sector prov numerous 6rm features. numerous 6rm features. Blne Circle, unsettled last week by feara of Greek competition in the cement business, extended Friday's rally and moved up 11 more to 631p. Occasional sup-port boosted J. Jarvis 40 to 400p and Higgs and Hill 10 to 565p while revived bid rumours prompted good demand for Henderson. 14 higber at 236p and Magnet and Sontherns, 2 harder at 166p. A newsletter recommendation fuelled sus-tained interest in Johnstone's

recommendation interled sus-tained interest in Johnstone's Paints. 20 to the good at 110p. Helical Bar initially jumped to 236p on Press comment, but subsequent profit-taking left the shares a net 2 easier at 225p.

Industries, which added 12 at

FT-ACTUARIES SHARE INDICES

127p.

up 11.

	These Indices the Institu											tion. Caffyns were also sup- a 1986 high of J	in and Natural b jumped 5 to 15p. still reflect-	Life, Bya bone, Char	and Hay Hill, a Internation rternall and B	, Alle- inckleys		Or return this	A series and	ent with yo		
	EQUITY GROUPS & SUB-SECTIONS		Mont	lay Ju	ne 16	1986		Fri Jone 13	Ther June 12	Wed Jame 11	Year ayo (approx.)	270p in the wake of last week's ing the enroura pleasing preliminary figures, port from its lo Occasional interest was evident for Tozer Kemsley and Mill	ging drilling re- ead/zinc find on ounty Laois and by in the Irish	C. E. Heat	h, while doubl	es were	G.				a togeta conta a	
	nes in parentheses show number of stocks per section	index Mo.	Day's	Est. Earnings Vield% (Max.)	Groes Div. Vield% (ACT at	Est. P/E Ratio	nd adj. 1936 to date	Lodex	Ladex	ladex No.	junier.	Service, finally 8 up at 373p, lifted Century ( Elsewbere in Motors, Jaguar ral to 128p ex-divi	Dils a further 4j dend. but Great			LON	DON TR	ADED OP	TIONS			
		<u> </u>		1		1.		1	1	1		annual figures later in the cur- The news bla	ackout in South					Option		Nov. Feb		
	Building Materials (26)	785.35	+0.3	8.68	3.61	14.68	18.04	783.03	780.98	789.21	51914	Company trading statements with the nation		Albed Lyo (*355)				P. & Q. (*520)	460 63 500 36 550 12	82 68 2	12	20 3
	lectricals (12)	1943.33	+0.2	7.99	3.98	17.58	30.53	1200.9	6 1951.53	1944.17	751.63	provided rontrasting features Emergency in the	ne run up to ves-					-				
	Mechanical Engineering (64)	407.95	+0.5	8.90	2.70	14.92	6.03	1 466 1	NJ <b>ANK O</b> B	ANL AT	307 27	counters. Yellowhammer ad- Soweto rints, pro	oved highly effec-	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				(*298)	200 17	26 76	L.	1 1
		355.20		8.72	5.09	17.95	4.35	352.3	5 350.86 3 297.23	350.01 296.17	196.98	to the near-doubled and better- information fro	m the Republic	(*120)	460 20	30 40 16 7	45 48 52	RT2				
	ther Industrial Materials (22)	1300.87	+0.9	6.36	3.07	18.89	1 14.05	12075	1294.67	1772-55	962.15	than-forecast full-year profits, triggered a wav	e of bear closing	Cowtant			5 12 19		450 33 700 12	45 22	8	
	rewers and Distillers (22)	934.01	+1.0	9.24	3,43	1321	9.92	924 5	5 015 29	0111 R0	606 21			(*2010	300 3	22 22	33 38 2	Vall Reefs	50 2	11 132		
	Food Retailing (15)	1731.74	+0.7	7.15	2.82	19.29	16.08	1718.9	6 1704.00	1703.81	1556.83	NEW HIGHS AND LOWS FO	R 1986	Com. Uni					70 2		35	22
Name of the former (12)         Normality (12) <t< td=""><td>Leisure (25)</td><td>888.35</td><td>+0.4</td><td>8.07</td><td>3.95</td><td>16.10</td><td>14.01</td><td>884.7</td><td>5 879.77</td><td>869.36</td><td>1070.84 667.39</td><td>NEW HIGHS (103) Dil, Fin. Corp. An CONDUCTION LOANS (1) 200 CANADIANS (1)</td><td>ACE. ELECTRICALS</td><td></td><td>360 12</td><td></td><td></td><td>Tr. 111-96 1990</td><td></td><td></td><td></td><td></td></t<>	Leisure (25)	888.35	+0.4	8.07	3.95	16.10	14.01	884.7	5 879.77	869.36	1070.84 667.39	NEW HIGHS (103) Dil, Fin. Corp. An CONDUCTION LOANS (1) 200 CANADIANS (1)	ACE. ELECTRICALS		360 12			Tr. 111-96 1990				
Name of the former (12)         Normality (12) <t< td=""><td>Publishing &amp; Printing (14) Packaging and Paper (14)</td><td>473.25</td><td>+0.8</td><td>7.86</td><td>3.35</td><td>17.66</td><td>6.50</td><td>2464.5</td><td>471.31</td><td>2456.32</td><td>1791.74</td><td>(a). CHEMICALS (4). STORES (2). (5) Applied Hology ELECTRICALS (8). ENGINEERING (A). Elect., Micro Focul</td><td>BODICS WITE. FRIDEL</td><td>Cattle &amp; 1</td><td>ine 600 80 650 43</td><td>100 123 68 89</td><td>7 15 25</td><td></td><td>112 07</td><td>25 25</td><td>1 F</td><td>益.</td></t<>	Publishing & Printing (14) Packaging and Paper (14)	473.25	+0.8	7.86	3.35	17.66	6.50	2464.5	471.31	2456.32	1791.74	(a). CHEMICALS (4). STORES (2). (5) Applied Hology ELECTRICALS (8). ENGINEERING (A). Elect., Micro Focul	BODICS WITE. FRIDEL	Cattle & 1	ine 600 80 650 43	100 123 68 89	7 15 25		112 07	25 25	1 F	益.
Names of Linear (NULL)         UNIT III.         UNIT III.        UNIT III.         UNIT III. <td>Stores (41)</td> <td>860.62</td> <td>+1.1</td> <td>7.04</td> <td>2.87</td> <td>19.33</td> <td>9,42</td> <td>851.6</td> <td>2 848.58</td> <td>849.73 577 91</td> <td>629.51</td> <td>FOODA (3). INDUSTRIALS (15). INSURANCE (1), LEIGURE (1). Telemetrix, ENGLAS PAPER (2) LCA, M</td> <td>ERING (1) Hobeon. oes Advartising.</td> <td></td> <td></td> <td></td> <td></td> <td>Tr. 113,% 03/07</td> <td>116 2</td> <td></td> <td></td> <td></td>	Stores (41)	860.62	+1.1	7.04	2.87	19.33	9,42	851.6	2 848.58	849.73 577 91	629.51	FOODA (3). INDUSTRIALS (15). INSURANCE (1), LEIGURE (1). Telemetrix, ENGLAS PAPER (2) LCA, M	ERING (1) Hobeon. oes Advartising.					Tr. 113,% 03/07	116 2			
Names of Linear (NULL)         UNIT III.         UNIT III.        UNIT III.         UNIT III. <td>Tobaccos (2)</td> <td>1072.65</td> <td>+2.8</td> <td>13.29</td> <td>4.54</td> <td>8.43</td> <td>20.40</td> <td>TR43 1</td> <td>7 1032 10</td> <td>1028 14</td> <td>261 02</td> <td>MOTORS (7). NEWSPAPERS (2). TEXTILES (1) Sha PAPER (5). PROPERTY (12). TEXTILES (4) Caledonie Inve</td> <td>w Carpets. TRUSTS</td> <td>Distiller: (*656)</td> <td>550 190 600 80</td> <td>150 =</td> <td></td> <td></td> <td>120 2</td> <td>1 3월 월</td> <td>3</td> <td>3</td>	Tobaccos (2)	1072.65	+2.8	13.29	4.54	8.43	20.40	TR43 1	7 1032 10	1028 14	261 02	MOTORS (7). NEWSPAPERS (2). TEXTILES (1) Sha PAPER (5). PROPERTY (12). TEXTILES (4) Caledonie Inve	w Carpets. TRUSTS	Distiller: (*656)	550 190 600 80	150 =			120 2	1 3월 월	3	3
Names of Linear (NULL)         UNIT III.         UNIT III.        UNIT III.         UNIT III. <td>Chemicais (20)</td> <td>892.56</td> <td>+1.0</td> <td>10.25</td> <td>4.54</td> <td>11.61</td> <td>17.28</td> <td>883.43</td> <td>869.81</td> <td>870.38</td> <td>746.74</td> <td>(3). TRUSTS (14). DILS (4). COND. ASSets Trus OVERSEAS TRADERS (1). MINES (2). MINES (8) Meneva</td> <td>ie, autteis</td> <td></td> <td></td> <td></td> <td>the second state of the se</td> <td></td> <td></td> <td>  3 二</td> <td>121</td> <td>콋</td>	Chemicais (20)	892.56	+1.0	10.25	4.54	11.61	17.28	883.43	869.81	870.38	746.74	(3). TRUSTS (14). DILS (4). COND. ASSets Trus OVERSEAS TRADERS (1). MINES (2). MINES (8) Meneva	ie, autteis				the second state of the se			3 二	121	콋
	Shipping and Transport (12)	1509.97		7.66	414	16.49	21.95	1509.2	1495.38	1501.48	1123.15	NEW LOWS (26) Unisel, Anglo Ame	r. Gold, A3ele Oil &	G.E.C. (*190)	200 11	32 48 20 20	10 13 16					
	Miscellaneous (48)	2030.75	+0.4			19.38	1157	1626.8	1017.34	1013.29	850.63	AMERICANS (4) Allied Signel, Damson Minarela.		Grand Me		- 12	13	(*386)	340 28	223	1.	8 1
0.00000000000000000000000000000000000	INDUSTRIAL GROUP(483)						_					PACE LENDING DATE		(~408)	392 40	57 10	5 17 23	Bosts				
Autor Description (17)     Autor Descrip	500 SHARE INDEX(500)	869.89	+8.6	9.12	3.84	13.74	12.07	864.53	860.15	859.06	678.59	DAJE LENUING KATE	5	IL		135 160		(-246)	260 2 269 1	4 3	36	20 2
Autor Description (17)     Autor Descrip	Banks (7)	582.10 610.41	+11+10		4.55	7.68	19.76	604.10	574.44 602.43	572.97	469.65	<b>%</b>	96	(*957)	900 72 950 42	85 UV 87 90	10 22 32	5TR (*310)	280 30 30 30	22 33	3. 2	25 2
Normal Statut         Normal S	Insurance (Life) (9)	802.40	+0.9	_	4.65	-	17.27	795.34	788.94	787.83	752.22		TP 11	Land Se					750 1 35			
Number of large (1)	Insurance (Brokers) (9)	355.06	+0.7		4.16		23.40	1139.4	11199.63	1142.89	1121.24	Allied Irish Bank 19 • Robert Fleming	& Co 10	and the second second	330 6			1		45 70	旁	8
Number of large (1)	Property (51)	769.02	+8.5	5.50	3.53	24.17	9.83	764.93	763.92	765.31	615.13	Amro Bank		Baris & 3 (*197)	200 6	21 2	7 13 16	She Circle (*531)	600 32 650 5	52 72	2	
Normal         Marce         Maree         Marce         Marce <t< td=""><td>Investment Trusts (102)</td><td>705.87</td><td>+05</td><td></td><td>3.66</td><td></td><td></td><td>742.09</td><td>742.19</td><td>741.08</td><td>581.63</td><td>Associates Cap Corp 10 Bambros Bank</td><td></td><td>Shell Tra</td><td></td><td></td><td></td><td>and the second</td><td></td><td></td><td></td><td></td></t<>	Investment Trusts (102)	705.87	+05		3.66			742.09	742.19	741.08	581.63	Associates Cap Corp 10 Bambros Bank		Shell Tra				and the second				
Lindender Huld (138)       110-10 <th< td=""><td>Overseas Traders (14)</td><td>064.78</td><td>+0.9</td><td>12.38</td><td>6.22</td><td>9.61</td><td>19.57</td><td>658.99</td><td>660.31</td><td>663.46</td><td>645.64</td><td>Bank Hapoalim</td><td></td><td>(*798)</td><td>750 55 800 23</td><td>股 177 45 58</td><td>7 20 20 20 20 20 20 20 20 20 20 20 20 20</td><td>(*\$6.25)</td><td>700 3</td><td>30 TO 30 50</td><td>38 14</td><td></td></th<>	Overseas Traders (14)	064.78	+0.9	12.38	6.22	9.61	19.57	658.99	660.31	663.46	645.64	Bank Hapoalim		(*798)	750 55 800 23	股 177 45 58	7 20 20 20 20 20 20 20 20 20 20 20 20 20	(*\$6.25)	700 3	30 TO 30 50	38 14	
Test 100 State (NDEX 4)       Test 201 State (NDEX 4) <td>ALL-SHARE INOEX (736)</td> <td>÷</td> <td>· · ·</td> <td>t</td> <td></td> <td></td> <td>11.59</td> <td>781.83</td> <td>778.50</td> <td>777.50</td> <td>620.53</td> <td>Bank Credit &amp; Comm 19 C. Hoare &amp; Co</td> <td>10</td> <td>Trainiger H</td> <td>MERE 200 25 500 12</td> <td><b>37</b> 44 25 34</td> <td>5 2 13</td> <td>GION</td> <td></td> <td></td> <td>140 14</td> <td>4</td>	ALL-SHARE INOEX (736)	÷	· · ·	t			11.59	781.83	778.50	777.50	620.53	Bank Credit & Comm 19 C. Hoare & Co	10	Trainiger H	MERE 200 25 500 12	<b>37</b> 44 25 34	5 2 13	GION			140 14	4
FixED INTEREST       APERAGE GROSS       Non       Non <th< td=""><td></td><td>No.</td><td>Change</td><td>High</td><td>Day's</td><td>June 13</td><td>June 12</td><td>June 11</td><td>June 10</td><td>June 9</td><td>390</td><td>Bank of Ireland 10 Knowsley &amp; Co. I</td><td>Ad 18%</td><td></td><td>1 390 1 74 1</td><td>12 1 17</td><td>37 40 42</td><td>(*356)</td><td>300 51</td><td>42 33</td><td>e i</td><td>2 1</td></th<>		No.	Change	High	Day's	June 13	June 12	June 11	June 10	June 9	390	Bank of Ireland 10 Knowsley & Co. I	Ad 18%		1 390 1 74 1	12 1 17	37 40 42	(*356)	300 51	42 33	e i	2 1
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Invasion					AVER	AGE GR	055		Mon	Fri		Banque Belge Ltd	d 10	620		2 Z		(~2092)	1000 100 100 100 55	調問	15	39 7
Mon       Days       Fit       Inst.       Detexts       Monit Credit Corp. Ld       10         BREES       Jame       Days       Fit       Jame       Days       Fit       Jame       Days       Fit       Jame       Days       Fit       Jame       Ja	FIXED INTER	23 I			REBE	MPTION	A ATELD	\$	16	13	ayo (approx.)	Beneficial Trust Ltd 11 Midland Bank			29			Hanson				
16         9         13         10 date         5         0 date         6         0<	PIEC Non Darie	Fri a	يا تعد	1.0	Britte	sk Gover		$\rightarrow$					p.Ltd 19	j				- (*172)	1 He -		131;	
ref IS years       150.33       +0.47       150.35       +0.47       17.07       9       9       7.07	NDICES June change	June 1	oday [	986	2 Goupo	65 1 <sup>2</sup>			7.65 8.92	7.51 8.93	18.35 18.61	CL Bank Nederland 10 National Bk. of K Canada Permanent		Brill A		50 65	7 8 8	·]				
ref IS years       150.33       +0.47       150.35       +0.47       17.07       9       9       7.07					3 4 Media				8.97	9.08	18.25 11.38				600 5			(*505)	460 92	198 199	1 2 3	ŝ
ref IS years       150.33       +0.47       150.35       +0.47       17.07       9       9       7.07		3.91 0			5 Compo	es 1	5 years		9.26	931	10.89	Charterhouse Bank	zst 18	(*963	5 350 35 370 17	33 43	20 20 30			20 40		
reference       169.96       +0.03       169.91       -       6.30       10       reference       110.99       10.99						1	5 years		916	921	11.42	Citibank Savings	Ltd 11				8 7 -	(%4447)	40 6	2 9	1	1 3
137.38       +0.30       137.38       +0.30       137.38       +0.30       137.38       +0.30       137.38       137.38       338       337.38       338       337.335       0.0         112       113.17       -       0.40       113.17       -       0.40       133.17       337.335       0.0       0.0       330.12       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       0.0       27.7       27.7       28.8       337.335       330.12       28.7       29.0       28.7       29.0       28.7       29.0       28.7       29.0       29.7       29.0       29.7       29.0       29.7       29.0       29.7       29.0       29.7       29.0       29.0       29.0       29.0       29.0       29.0       29.0       29.0       29.0       29.0				6.30	9	2			9.34	9.39	10.59	Chylesdale Bank	antee 71	Barch (*49	460 50 500 30	70 87	12 15 22 30 33 40	-	550 Z	5 15	133 14	
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stocks       11/31       -0.34       11/31 <t< td=""><td></td><td></td><td></td><td>1 1 1</td><td>13 Inflat'ı</td><td>a rate 109</td><td>*</td><td>5 yrs!</td><td>2.61</td><td>250</td><td>. 80</td><td>The Cyprus Popular Bk 16 United Bank of K</td><td>uwait H</td><td>Callery Sc</td><td></td><td></td><td>and the second se</td><td></td><td></td><td>Ang. Sept. J</td><td>100 100</td><td>Aug. St</td></t<>				1 1 1	13 Inflat'ı	a rate 109	*	5 yrs!	2.61	250	. 80	The Cyprus Popular Bk 16 United Bank of K	uwait H	Callery Sc			and the second se			Ang. Sept. J	100 100	Aug. St
Inter 1526 9 10 am 1504 9 11 am 1504 9 11 am 1502 9 1				1 70								Duncan Lawrie	ank 18					FT-SE 1525				5
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		100-0	-									( ) (10007) (1113%), 100 (107—223,000)+ 30 % (10707) (113%), 100 (107—223,000)+ 30 % (11307)	720 At and 1	_	360 16			- 1675	2 15	* = ]	65 65 06 110	
									-	-	-	gross. ¶ Mortgage base rate. § Demand deposit 5.82%.	anu over 0476 Mortgage 11%,	611	B 120 18	22 28	1 2 2 2	Jone 16, To	ud contracts 12			2,956

Marsday - Horas - R. 1995

EXCHANGE

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TIVE STOCKS

(22,2722)

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### WORLD STOCK MARKETS

Prices at 3pm, June 16

AUSTRIA 1 GE	RMANY	NORWAY	AUSTRALIA (continued)	(APAN (continued)		
June 12 Price + or Soh.	June 10 Price   + or	Juna 15 Prine + or Kronet'	June 15 Aust s	June 16 Price + or Yen	CANADA	
Gredit'nst'lt pp. 9,280 +30 AEG Goesser 3,450 -50 Alia Interunfall 14,100 mann BAS		Bergans Bank         164         +1.5           Borregaind         327.5	Gun. Prop. Trust, 2.75 —04 Hardle (James 5.45 —04 Hartogen Energy 1.9	Mitsui Bank		
Petimooser 640 - 20 I a	er Hypo	Elitem	Hartogen Energy         19           Horatogen Energy         19           Horatogen Energy         2.68           Horatogen Energy         2.68           Jimberlans F.P.         0.23           Jimberlans F.P.         0.24           Jimberlans F.P.         0.24           Kidston Gold         0.14           Lend Lasse         9.02           Mayne Nickless         2.02           Nat. Aust. Bank	65 Mitsui Toatsu 324 +4	Sales Stack High Law Cless Chang Sales Stack High Low Cless Chang TODONTOO S150 Centred A 5636 616 616 -36	
Steyr Daimler 159 -5 Velischer Mag . 11,100 -350 BHF	Bank	Norcem	Kia Ora Gold 0,14 -0,1 Kidston Gold 6,5	01         INOK Insulatora	Prices at 2.30pm 835 Contri 17 2215 215 215 215 215 215 215 215 215 21	32020         Inco         \$20         1914         1914         -5s         1420         Oue Stung         490         490           119550         Incisit         \$1774         175s         11700         Ranger         \$1575         \$14         \$1700         Ranger         \$1575         \$14         \$1700         Ranger         \$1575         \$14         \$15         \$15         \$1700         Ranger         \$1575         \$14         \$15         \$15         \$16         \$1700         Ranger         \$1576         \$14         \$16         \$16         \$16         \$16         \$16         \$16         \$16         \$16         \$16         \$16         \$16         \$1700         Ranger         \$1576         \$14         \$16
Steyr Daimlor 159 -5 Veitscher Mag 11,100 -350 BHV BELGIUM/LUEXMBOURG	Wa Boveri	Storebrand	Mayne Nickless, 5.15 +0.1 Nat. Avst. Bank, 5.75 -0.1	11 Nigpon Express	JUTLE 16 400 Computing \$5% 5% 5% - %	5800 Inter City \$154 154 154 474 3300 Regions A 255 250 250 - 19
JUNU 16 Price 4 of Dean	ussa	SPAIN	North BYA BALL	Nippon Kokan	150         Con Bath A 125         25         25           38115         AMCA Int \$175, 177, 173, -17, 24         14400         Conbists 21, 57, 73, 73, 259, 259, 259, 259, 259, 259, 259, 259	550 fixed A1 6341, 23's 23's -1a 2463 Rio Algom 524 23's 24' +1a 200 liveco A1 6341, 23's 23's -1a 1202 Rogers A 524's 24's 24's +1a 200 liveco B 524 24' -14 20's Rio Rogers A 524's 24's 24's +1a
Bang, Gen, Lux, 15,500	tschu Benk., 882.5 .+12.5 Idner Bank 449.5 +15.5 I-Muchie Nbi 515 +5	J2na 15 Price + or Pta 2	North BKA Hill 1.95 -0.1 Oekbridge	32         Nippon (aski	38111S         AMCA         Int         \$175         T7a         T7	
Ciment CBR 5,540	kei 415.5 +5.5 ntief 1020 +40	Sco Central         637           Bco Central         637           Sco Central         400           Sco Nispano         395           Sco Popular         955	Pioneer Conc. 2.81 Poseidon	Nippon Yusen	2700         Altria IN         5124, 124, 124, 14, 183         14         126         Control         520%, 20%, 20%, 20%, 20%, 20%, 20%, 20%,	10276 LL Lac \$224 221 224 224 -5 1427 Hoyal Bank \$527 314 317 -6 76 14165 RyTrco A \$377 318 -19 760 Lacenau \$69 56 76 476 21391 Royac 315 305 340 -10 21391 Royac 315 305 340 -10 21391 Royac 315 305 340 -10 1950 Laidiw B   \$226 301 201 201 10 500 \$51 CenrA   \$177 161 161 161 -1 100 \$500 Find \$151 270 100 \$10 \$200 \$10 \$100 \$10 \$200 \$10 \$100 \$10
EB23	mann (P)	Bco Bilbao         878         -91           Bco Central         657         -91           Bco Exterior         800         -5           Bco Nispano         395         -10           Bco Santander         955         -10           Bco Vizoava         1500         -3           Bco Vizoava         1500         -3	Repco		abbon         Abbrate         512         113         113         114         113         20%         2	19720 Labolin B S 2048 2014 2014 1000 Scoptre 270 270 270 17200 Lobian Co \$1316 13 15 +16 1700 Scot Paper \$33 33 33 -12 6600 Lobian Co \$1316 13 15 +16 3700 Scots 540 39/2 40 +16 4700 Lumonics \$1416 145 145 20850 Seagram \$835 8318 835 +12
B.L.         5.040         Dett           Bang, Imt.A. Lux, 15,800         Dora         Dora           Bang, Imt.A. Lux, 15,800         Dora         Dora           Bang, Imt.A. Lux, 15,800         -100         Feld           Bekaart         10,500         -100           Contertil         142         Hoot           October         142         Hoot           Deltaize,	sel	Dragadoe 518 -3 Hidrola 181,7 +1,7 Iberduero 151 /	Thos. Natwide 3.38 0.0 Tooth 6.1 +0.1	B         Nisshin Flour	1300       Asametra       504       6921       Crowns A 1 3142       140       140         20532       Atco 1 1       554       55       55       140	$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$
Gevaeri	ckner	Telefonica	Vangas	<sup>13</sup> Sankyo 1,350 Sanwa Bank 1,280 Sanyo Elect	4300         Banster C         \$10         10         1200         Dicknsn B         \$77g         7         1g           6406         Bit BCol         340         330         340         25480         Dolseco         \$301g         30         -1g           96827         Pit Monti         \$33         332, \$35         +1g         3062         Dons Cda         485         455           124502         Pit Monti         \$33         332, \$35         +1g         3062         Dons Cda         485         455           124502         Pit Monti         \$335         155g         150         -2         3770         Dome Mine         158g         158         136         130         -2         4500         Dicating         22         21 <g< td="">         22         +1<g< td="">         22         11g         22         21         12         22         21<g< td=""></g<></g<></g<>	12187 Mecmiliant \$335, 354, 354, +12 1180 Megna A   \$353, 354, 354, -15 767 Maritime   \$155, 151, 155, -16 (\$500 September   \$154, 155, -16 (\$500 September   \$154, 245, -16 (\$500 September   \$154, -16 (\$500 September   \$155, -16 (\$500 September   \$154, -16 (\$500 September   \$155, -16
Pan Nidge	hansa	SWEDEN	Woolworths 5.12 ;	Sapporo	124802 Bit NScot \$155, 151, 151, 151, 2710 Dome Mine \$25, 65, 65, 65, 65, 65, 65, 75, 8572 Beit Can, \$373, 371, 371, 14, 83720 Dome Pete 138, 136, 136, 136, 136, 136, 136, 136, 136	96306         Mass Far         420         410         2733         Spart Aero         State         Spart Aero         State         Spart Aero
Pain Niogs         1,500         -50         Lino           Petrofica         1,500         -50         Man           Royala Belga         24,000         Man           Soc. Gan, Belga         9,400         10         Merc           Solvay         9,400         10         Merc           Solvay         7,670         +60         Muc           Stanwick Inti         460         Muc         Vitad           UCS         7,670         +60         Preu           Wagonu Lits         5,300         7,920         Role	ades Hit 1,225 +40 Algeseli 322 +1 noh Rusok 3,240 +240	Dregadoe         513         513           Hidroga         181.7         +1.7           Berduero         348.6         +5           Telefonica         187.7xr         +0.7           SWEDEN         Junu 16         Kronor           Junu 16         Xronor	DONG KONG	1 Shionogi	$ \begin{array}{c} 4400  Abitbi \ \mbox{Pr}  $255_{9}  266_{9}  266_{9}  -1_{9}  600  \mbox{Crl}  63845  324^{2}  237_{9}  237_{9}  237_{9}  10  +38_{9}  37_{9}  37_{9}  -1_{9}  88000  Abitta \ \mbox{Pirt an}  $5124_{1}  127_{9}  123_{1}  +1_{4}  1495  \mbox{Cornst} \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \$	100 Nonero A 1 \$51. 51. 51.
Stanwick Inti	077	Alfa-Level B	June 15 Price + or H.K.S	Showa Denko _ 395 -3 Sony3450 -10 Stomo Back 1,840 +10	1340         Brannika         2017         10         2017         4         2017         10         3181         354         354           29460         Brannika         \$2017         20         207         +14         8077         2016         \$1157         184         354	600 M Trosco 3264 261 264 - 1 11976 Moore 536 352 354 - 4 100 Murphy 5194 994 197 - 4 19664 Nai Bit Can 529 264 264 - 1 19664 Nai Bit Can 529 264 264 - 1 19665 10 Torstar 5 1 500 207 207 1 1976 10 Torstar 5 1 500 207 207 1 10 Torstar 5 1 500 200 200 1 10 Torstar 5 1 5 1 500 200 1 10 Torstar 5 1 5
DENMARK Siem	anthad	AGA	Sank East Asia 18.6 +0.1 Gathay Pacific 5.5 +0.1	Stomo Chem   595 - 5 Stomo Corp - ( 517 + 7 Stomo Elect - 1,160	8682         Bow Valy         \$100;         100;         -1;         25300         Donchuse         \$247;         247;         247;         247;         11           510         Bradono         140         140         160;         -5         20         Dui Poni A         \$337;         330;         300;         300;         300;         307;         300;         307;         300;         307;         300;         300;         300;         300;         300;         300;         300;         300;         300;         300;         300;	11975         bitwork         530         3372         334         "4         105885         1070         Murphy         2319         2339         2339         2339         2339         2339         2339         2339         2339         2339         2339         2339         2339         2376         + 16           100         Murphy         5194         194         194         194         5075         107 Sum S28         277         + 16           20         Nt V0         7100         S2551         2824         2824         2300         1001         301,         + 16           20         Nt V0         7100         S2551         2824         2824         2300         1001         301,         301,         + 16           20         Nt V0         7100         S2551         2824         2824         2200         Total Pet         8279         279,         174           5500         Ntil Capa 1         S49         94         13284         Traders A 1         5504,         504,         504,         504,         504,         504,         504,         504,         504,         504,         504,         504,         504,         504,         504,
June 15 Price + or Vebu	torf	Electrolux 8,	Sank East Asla         18.6         +0.1           Gathay Pacific         5.5         +0.1           Grainsy Facific         5.5         +0.1           Grainsy Koog         90.4         +0.3           Ghang Koog         0.4         +0.3           Shina Light         0.13         +0.1           Neng Sang Bank         55         +0.1           Nang Sang Bank         55         +0.1           HK China Gas         15.7         +0.1           HK Electric         8.85         +0.2	Shriveldo         "2,030         -30           Showa Denko         395         -3           Showa Denko         395         -3           Showa Denko         3450         -10           Stomo Ensk         1,440         +10           Stomo Chem         696         -5           Stomo Cerp         137         +7           Stomo Cerp         530         -10           Taise Corp         530         -10           Taise Corp         530         -10           Taise Okoe Bank         710         +14           Tekeda         3,590         -50           TDK         3,650         -10           Tokoe Bank         1,820         +30           Tokin Bank         985         +5           Tokin Bank         1,820         +30           Tokin Bank         985         +5           Tokin Bank         985         +5           Tokin Cerp         965         +5	7210         BC Phone         9275         2774         2775         -1         9475         Ped Ind A         \$1120         Find Ind A         \$121         \$121         \$121         \$120         Find Ind A         \$121         \$121         \$121         \$121         \$2700         Find Ind A         \$132	107754 Norzenda 01804 1812 1972 - 14 19850 Tma Mat 5127, 127, 127, 127 2401 Norcen 5132 137, 137 1401 Norcen ord I 0125 139, 139, -1 1401 Norcen ord I 0125 139, 139, -1 300 NC Oils 5109, 101, 101, -3 300 NC Oils 5109, 101, 101, -3 10075 Nor Tei 5404 401 407, 200 Trion A 5340, 349, 341, -1 10075 Nor Tei 5404 401 407, 200 Trion A 5340, 240 240 -10
Knr % V.E. Andelsbaken	R-West 515 swagun 570 +20	Pharmacia 910 +3 Saab ScaniaFree 800	Nonderson Land. 2.15 +0.0 HK China Gas	Tekeda	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	2401         Norcen         51372         1374         1354         136044         Tream LA         5285         2836
Andelsbaken	LY	Skandia	HK Kowtoon Wh. 7 HK Land, 5.9 +0.2 HK Shanghai Bk. 6.8	Tellin, 514 -4 Tas Menryo 1,820 + 30 Tokai Bank 1,985 + 5 Tokio Marine 1,520 +	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	31600         News AuA         1         475         475         475         2600         11226         3014         3015         304         112           50700         Nameco W         \$11         1015         11         5625         Ustar R         150         148         150           6000         Nu West         33         32         32         2         2500         Un Carbid         515         15         10           300         Numac         59         834         84         -14         4143         U Entonse         5127         12         121         +14           1675         Oslawd A 1         126         329         -5         10050         U Canso         65         64         65         +5           1329         Oslawd A 1         170         170         707         10         707         Vin Corpo 548         48         48
Oe Danske Luft 1,850 +20 East Aslatic	June 12 Lina -	Swedish Match., 570 +2 Volvo B (Free), 421 +14	HK Shanghai Bk. 6,5 NK Telephone	Tokyo Blact Pwr 3,980 - 20 Tokyo Blact Pwr 3,980 - 20 Tokyo Blact Pwr 3,980 - 20 Tokyo Blact Pwr 3,980 - 20	912         COarn ex p         6147a         147a         147a         1050         Guarti Yk         \$18         10         16         +1/g           7845         CDC /         575a         77a         *1/g         147a         140         10         10           530         Can Main         515a         155a         155a         155a         16         10         10           525         C Mot West         515a         155a         155a         155a         155a         16         100         Gardinon A 1         \$220a         20ba         20ba <td< td=""><td></td></td<>	
Forenedo Darng. 215 +9 Banto GNT Hid	25 centrie, 28,000 + 400 pg-IRBS 7354 rale,	SWITZERLAND	SHK Prope	Tokio Marine	312         CDam         optimizet         517         147         147         1000         Count 12 / X         211         221         221         221         221         221         221         221         221         221         221         221         221         221         2111         2111         2111	600         Omega Hyd         460         453         455         450         + 10         700         Un Corp         548         48         48           600         Osnewa A 1         5476         450         454         414         2750         Versti B         200         200         - 5           6400         Osnewa A 1         5449         444         2750         Versti B         205         360         280         + 10           2650         PacW Airl         51459         141         1459         - 1a         1000         Versti B         205         360         280         + 10           17200         Paurin A 1         010         157         10         2500         Vulcan Ind         53a         54         54         - 1a           4500         Parmour         9114         105         107a         -3a         28528         Walker R         53a         54         54         - 1a
LS.S.B	to Italiano	Juna 15 Fra	Winsor Inds	Toyota Motor1,570 + 10 UBE Inds	7825 Cillra A / S144 1434 1434 140 Howker 6371 173 173	200 Pegasus 581, 51, 51, 51, 51, 51, 51, 51, 51, 51, 5
Privatbankan 273 +3 Provinabakan 273 +3 Provinabakan 555 +5 Smidth if.L. 8 290 -4 Sophas Barend 370 -5 Superfos	nascente	Adia Intl	JAPAN	Yamaha	1017280 CP Lkd         S17/1         17/2         1/2         2487         Guo Can         S18/1         14/9 <th1 9<="" th="">         14/9         14/9</th1>	5010 Permitina 5151, 151, 151, 151, 151, 151, 1510 Westmin 551, 0 6 2200 P.Jewi A 1 514 133, 14 +1, 830 Weston 5321, 327, 327, +1, 2600 Pine Point 515 127, 127, -3, 3649 Woodwid A 565, 67, 81, 119216 Placer D 5247, 241, 241, -3,
FRANCE	Co         7,256         -95           Spa         5,300         +195	Brown Bovari	Jardine Math	Yamazak	12700 Cerma A 21 10 21 16807 mayo 547, 56 1d	2000 Preciamba 355 355 355 355 4 10 F-No wating rights or restricted vating
Jumu 15 Price + or	8PD	Fischer (Geo.)	Alinomoto,	SINGAPORE June 18 Price + or	531 Cetanese \$164 15 18 37391 Imp Oil A \$394 394 394 -3a	10050 Provigo \$201 <sub>2</sub> 201 <sub>4</sub> 201 <sub>4</sub> rights.
Emprunt 442 1973 1,550 10 NETT Emprunt 78 1973 7,760 80	HERLANDS	Hoff-Roche 1/1011,400 +25 Jacobs Suchard, 7,850 Julmoi1	Alps Electric	Boustred Hidgs. 1.14 +0.04 Cold Storage	Ind	dices
Accor	iune 15 ' Prine '+ or Fiu C	Hoff-Rocte (r)011400         +25           Jacobs Suchard.         7,650           Julmolt	Bridgestone	Dpg	NEW YORK-DOW JUNES	
Bongrain	88.5 -1.1	Pirel 6	Casino Comp	Hong Leong Fin., 9.12   -0.01 inchcape Shd 1.99 + 0.04 Keopel Shiward 1.59 -0.01	1983 Since Compilation	June June June June 1968 15 13 19 11 High Low
Carrefour	171.1 +0.5 682.7 +7.7 82.8 +1.7	2er-Buehrlu         1,680. +15;           Jreid 6	Dal-Iohi Kan. 8K, 1,520 +10 Dai Nippon Ink 447 +1 Dai Nippon Pig	Malay Utd. 100 1.4 +0.92 Multi Purpose 0.51 +0.96	Indestriale 1.877.86" 1.874.19 1.858.13 1.868.07 1.837.18 1.960.15 1.000.0 1.000.0 1.000.0	AUSTRALIA All Ord. (1/160) 1209,1 1216.3 1218.6 1225,4 1247,0 (7.5) 1010,5 (2/1) Metalu & Mais. (1/1,60) 582,0 586,3 558,9 541,1 692,0 (24,6) 481,1 (20,6)
Cofimed	107.6 + 1.1 ro Cert	Wiss Bank	Dalwa Sec	OUB	Transport 765.50" 186.50 779.63 774.63 774.13 778.38 830.84 686.87 838.44 12.32	AUSTRIA Credit Bk Aktien(2/1/62) 116,90 117,50 118,92 1/9,17 , 130,89 (28/4) 115,12 (5)5)
Eaux (Cie Gen)	tochu Pet'm 184.8 +1.5 2 er-NDU 214.5 +0.2	Minterthur	Fuji Bankamun 1,620 Fuji Film	OCB0	Unitational 187.57" 187.69 185.55 183.78 183.47 183.49 193.73 185.47 183.47 183.49 193.73 185.47 183.47 183.47	2ELGIAN 2russele SE (1/1/00) - 3525,37 8518,21 8604.32 8525,66 8780,16 124/41 2785,91 (15/1)
Gon.Occidentale 950 Fokka	pocades 289 +3.2	USTRALIA	Fujitus Elect. 428 +3 Green Cross	UOB	Tradieg vol 141st 198s 127s 125s 123s	DENMARK Coponhagen SE (8/1/88): 224,68 224,11' 124.08 225.95 250,78 (18/4) 214,27 (21/7)
L'Oreal	Doug NVI 60.4 +0.5	June 16 Aust S.	Fujitawa	SOUTH AFRICA	Jame 9 May 30 May 23 Year Ago (Approx)	FRANCE GAG Denural (81/12/82) . 547.0 544.20 645.5 549.7 411.5 (15/51 287.6 (2:1) Ind Tendance (51/12/82) 151.5 130.5 130.5 131.2 151.2 (5/6) 101.6 (2/1)
Mataons Phonix	49.0 +0.4 149 +0.5 67.5 -0.7	dolaidu Steams 12.5 -0.1	Indi, Bk. Japan, 1,500  80 Ishikawajima Nr. 246	Alternation	and Dir Yield % 3.60 3.57 3.57 4.66	DERMANY
Midl  Ctcl				AEACI	STARDARD AND POORS	Commerzbank (1)12/63) 2066,8 2016,1 1977,2 1952,1 2278,8 (17/4) 1868,8 (27/2)
Perned Ricard, 2042 . +54 Ommer Perner Annual 279 + 11 Pakbos Petroles France 3825 - 25		Ust. Guarantee, 3.5 set. Nat. Index, 3.30 all Group,	1.580 170	Anglo Am, Corp. 46 , Anglo Am, Corp. 46 , Anglo Am, Corp. 46 , Barclays Bank 18,5 -0.5 Barlow Rand	Jame Jame Jame Jame Jame Jame Jame Jame	Hang Song Bank(\$17/64); (c) 1785.86 1762.78 (c1 1885.85 (7/6) 1589.94 (19/6)
Peugeot S.A	23.5 +0.7 B	ond Corp Hidge 5,150 -0.01 oral	Kirka		Industrials 275.85 275.45 271.88 278.87 268.88 269,11 277.16 224.88 277.15 3.52	anca Comm Ital. (1972) 725.54 768.85. 894.25 719.97 968.29 (20.5) 454.67 (241)
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SKIS Rossignol,1,801 -4 VMF Sta Telemec Elect,2,990 +105 VNU Thomson (CSF),1,240 +5 Wessan Value	01X	RA::::::::::::::::::::::::::::::::::::	Vooera	Highveld Steel and 6.8 ,	James James Many Yeas Aga (Approx)	ANP.CBS General 11970); 281.2 287.9 287.2 286.1 282.5 (2/6) 240.4 (3/5) ANP.CBS Indust (1870); 285.7 282.6 281.4 280.9 285.7 (16/5) 254.0 (6/5)
Roussel-Uditif		aremont Petro D.75	Mazda Motorium 390	Rombrandt	Led div yield 46 2.57 2.55 2.52 3.77 ind, P/E Rada 17,85 17,32 38,93 11,54	NORWAY Oslo SE (4/7/881 851.81 864.61 848.08 846.45 402.91 (16/11 832.25 (20/6
NOTES Prices on this pape are an exchanges and are last traded prices.	\$ Desilings suspended.	onsolidated Pet 0.17 +0.81	M-bishi Chemiaa 738 -4 M-bishi Chemiaa 785 -4	Sage Hidge	Long Gor Band Yield	SINGAPORE Straits Times (80/12/85) ' 703.58 898.12 703.58 708.61 712.12 10/6) 568.54 (28/4)



	ارز المحمد والمتناسين ويعتري فلنصافف مناكر المحمد والكار					and the second
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22	active         Active         2.04         4.8 10         1787 SOUR         S775         -14           172         S115         Aret         pd4.238         9.2         185         5334         52         5228         +18           173         S115         Aret         pd4.238         9.2         185         5334         52         5228         +18           154         S518         S12         2058         5312         2054         +18         115         155         3534         528         5312         2054         +28         154         156         157         513         150         353         355         -9         18         115         150         39         355         -9         157         1532 <th><math display="block">\begin{array}{cccccccccccccccccccccccccccccccccccc</math></th> <th>134 01 Clark 10 12 23 462 65 81 68 + 1 1</th> <th>FFF</th> <th>1324, 000, HomeD         46         488         21         200, 201, 18           335, 197, 197, HomED         6         9         530, 84         31, 335, 44           289, 207, HomeSD         6         9         530, 84         31, 335, 44           289, 207, HomeSD         20         9         45         699         224, 13           281, 101         HameSF 5.40         215         2215         157, 157, 156         44           755, 505, Homoda         536         7         6         96         714, 704, 71         -56           284, 287, HamesEl         2         25.14         555         794, 778, 776, 79         -76         -76           384, 287, Hrankell 28         25.15         25         15, 555         794, 778, 776, 79         -76         -76</th> <th>2°         2°         vyklami         445         3°         3°         3°           25<sup>1</sup>/<sub>4</sub>         13°         vyklami         5         17%         17%         17%         17%           465         330         MAPCO         2         13         50         467         467         467         467         17%</th>	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	134 01 Clark 10 12 23 462 65 81 68 + 1 1	FFF	1324, 000, HomeD         46         488         21         200, 201, 18           335, 197, 197, HomED         6         9         530, 84         31, 335, 44           289, 207, HomeSD         6         9         530, 84         31, 335, 44           289, 207, HomeSD         20         9         45         699         224, 13           281, 101         HameSF 5.40         215         2215         157, 157, 156         44           755, 505, Homoda         536         7         6         96         714, 704, 71         -56           284, 287, HamesEl         2         25.14         555         794, 778, 776, 79         -76         -76           384, 287, Hrankell 28         25.15         25         15, 555         794, 778, 776, 79         -76         -76	2°         2°         vyklami         445         3°         3°         3°           25 <sup>1</sup> / <sub>4</sub> 13°         vyklami         5         17%         17%         17%         17%           465         330         MAPCO         2         13         50         467         467         467         467         17%
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-50 36 15 20	0 <sup>1</sup> 2 28 AT&T pt3.74 7.7 54 48 <sup>1</sup> 8 48 <sup>1</sup> 2 48 <sup>2</sup> 8 47 4 9 21 <sup>3</sup> 4 AmWr1,12 3.0 11 25 36 <sup>3</sup> 4 36 <sup>3</sup> 4 36 <sup>3</sup> 4 54 5 <sup>1</sup> 4 11 <sup>3</sup> 6 AWat pt1.25 8.5 280 34 <sup>3</sup> 4 14 <sup>3</sup> 4 14 <sup>3</sup> 4 26 10 <sup>5</sup> 10 <sup>5</sup> 1 16 <sup>3</sup> 1	578         4         CCO         68         26         49         44         -16           578         4         CCO         68         26         49         44         -16           577.4         52%         CIGNA 250         4.2         1405         813         816         819         16           3778         28%         CIG pf         276         5.5         33         32%         32%         32%         -16	47g         5g         Contril rt         1032         1         7g	254, 12%, PD0esr136 8.1 103 15 244, 15 + 4 60%, 335, Fibiows 1 1.7 24 1458 60%, 54%, 54%, 41 15 10%, FordWib A4 34 18 646 133, 13 13 - 4	144 64 Junned 350 U15 141 141 + 4 244 167 141 141 172 3.5 12 111 201 201 201 + 14 1817 1174 1914 440 3.0 14 7609 1407 140 346 - 19	1574 28 Monasc 45 1,118 135 1454 454 454 456 456 45 312 12 Monklos 123 316 3, 3 295 4279 MonCal105 11 5 724 234, 178 44 84 447 MonCapi 3 5.1 10 59 582 582 721
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31	1 1979 Ametok 1 8.4 16 179 299 281 291 425 4 19 83 Ametok 1 8.4 16 179 299 281 291 425 4 19 83 Ametok 1 8.7 18 111 111 111 111 - 18 19 22 Amlac 24 57 273 273 273 11	301-3         161-4         CNW         276         237-8         235	1286 7hg Copwild 5 7kg 75g 75g 75g 35% 21% Copwild 5 7kg 75g 75g 75g 15% 21% Condums2 2.6 21 166 34% 34% 34% 34% 15% 11% 20% 16 73 57 15% 14% 15%	257 14 Frace 2056 15548365 d 72 74 -1 105 34 Frace 2056 15548365 d 72 74 -1 105 34 Frace 25 50 24 5 129 54 5 54 211 144 Frace 156 23 361 151 154 154 154 -54 354 22 Fright 50 2.0 25 59 314 304 304 -1 455 254 Frace Frace 7.0 1.5 15 1238 455 45 455 -1 254 254 Frace Frace 7.0 1.5 15 1238 455 255 255 255 255 255 255 255 255 255	1854 4414 (m194m240 2,730 2132 646 843 445 45 1356 112 (m194m240 3,730 2132 646 816 734 778 - 16 1804 3858 (m19466)1.20 2.017 146 5614 581- 5858 3358 1735 (m1946)1 (12 0 3358 374, 374 + 38	10 874 MONY 38. 6.3 11 88 915 986 699 91 275 1775 Moore 72. 28.17 34 254 259 259 44 2854 2175 Moorel 1.04 49 14 11 219 0279 219 43 271 319 Moorel 1.04 59 97 4 359 270 200 200 200 200 200 200 200 200 200
242	13 13-16 ΥΛΑΠΘΟ 14 59% Απιοεο3,30b 5.38 1981 634, 629, 669, -38 5 277, 349 Απιο 5 277, 349 - 78 5 277, 349 - 78 5 277, 359, -78 5 27, 179 - 78 5 27, 199 - 78 5 27, 1		ang 30% control 1.40 2023 517 70% energe could right 43% 21% Control 24 1.7 42 216 30% 30 30% right 13% 74 cntch 24 1.4 25 816 17 15% 10% right 10% 5% child 24 1.6 38 cut7 16% 31 10%	437, 2014 Frosh 70 1.5 18 1238 455 45 455 - 4 257, 249, Frosh pi2.12 8.3 25 252 255 255 50 29 Foundar, 17, 6 12 173 45 197 485 - 19 50 29 Foundar, 197 6 12 173 45 197 485	255 19 interPart,96 7.7 12 21 254 254 254 44 285 20 interpretate 8.5 1770 205 24 24 157 157 157 158 15 170 205 24 24 157 157 157 158 157 157 157 157 157 157	907 44 Margar2 45 28 30 1494877 964 87 1 874 81 Margar2 506 7.1 104 853 842 45 1 264 38 Margar2 506 7.1 104 853 842 842 85
3 5 5 6	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c} C & C & C \\ 26 & C & C \\ 25 & C $	Bit,       Tra       Compare       114       Bits       124       255       144       155       -14         304,       254,       Compare       254       139       257, <t< th=""><th><math display="block">\begin{array}{cccccccccccccccccccccccccccccccccccc</math></th><th>229       279       110       110       7       906       28       239       251       +10         225       1779       110       110       94       2200       221       211       411</th><th>400         150         110         257         284         285         284         284         285         284         284         285         284         284         285         284         284         284         285         284         284         285         284         284         284         284         284         284         284         284         284         284         284         284         284         284</th></t<>	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	229       279       110       110       7       906       28       239       251       +10         225       1779       110       110       94       2200       221       211       411	400         150         110         257         284         285         284         284         285         284         284         285         284         284         285         284         284         284         285         284         284         285         284         284         284         284         284         284         284         284         284         284         284         284         284         284
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, June 16

Financial Times Tuesday June 17 1986

International Investment Bankers	0       1       0       10
An affiliate of Kidder, Peabody & Co. Incorporated	364       275       E       Syst 50       1.5 28       264       275       E       Syst 50       1.5 28       264       275       E       Syst 50       1.5 28       264       275       284       355       384       275       284       355       384       275       284       355       384       285       276       284       355       384       285       276       284       355       284       285       276       284       355       284       285       284       276       284       355       284       285       276       286       276       286       276       286       276       286       276       286       276       276       286       276       276       286       276 </td
Incorporated Founded 1865 New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo	664       424       Extords 2.32       41.52       636.60%       600       +14       104       551       Harlburg 1.20       124       564       573       584       573       584       573       585       575       573       585       575       575       585       575       575       585       575       575       585       575       575       585       575       575       585       575       575       575       585       575       575       585       575       575       585       585

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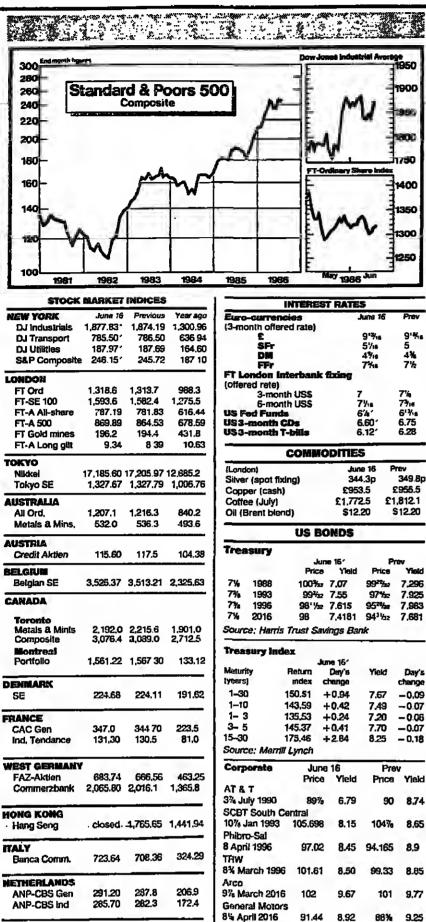
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### **FINANCIAL TIMES** WORLD STOCK MARKETS



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### WALL STREET Data-packed week has quiet start

US FINANCIAL markets made a quiet start to a week bristling with the latest federal data on the progress of the domestic economy, writes Terry Byland in New York.

Bond prices remained firm, but the stock market backed off from an early attempt to extend the substantial gain chalked up ahead of the weekend. At 3pm the Dow Jones industrial aver-

age was up 3.64 at 1,877.83. In the credit markets traders continued to expect further evidence this week of sluggishness in the economy. News that the operating rate of US industry fell to 78.6 per cent last month whetted appetites for disclosure later this week

of the revised official estimates of firstquarter GNP, as well as the latest figures on housing starts, personal incomes and consumer prices.

Federal bonds, which had surged ahead on Friday on weak industrial production statistics, received a further kick upwards yesterday when Treasury bond futures rose by 2 full points. How-ever, early gains of half a point in bond prices were later trimmed.

The stock market this week faces a special hurdle when June stock index futures and index options expire on Friday - the day has in the past proved a switchback nightmare for stock prices. Turnover in stocks dipped sharply, as

the institutions returned to the sidelines to absorb Friday's purchases and watch the bond market for the next move. By midsession, the broader market in-

dices had slipped into lower territory, and the Dow was weakened by a fall in IBM, down \$1% at \$148% in brisk turnover

NCR, \$1% off at \$53%, was another soft spot in computer stocks. But the weakest sector in the high-tech area was in semiconductors, which suffered from adverse brokerage opinions. Motorola lost \$1% to \$40% after Merrill Lynch trimmed earnings forecasts. Advanced Micro Devices lost \$1 to \$22%.

On the over-the-counter markets Micron Technology dipped \$% to \$8% and In-tel \$1% to \$23%.

With the dollar still soft, there were buyers for pharmaceutical issues which benefit in export markets. Pfizer, with more than 50 per cent of sales and prof-its from outside the US, gained \$1% to \$67% while Merck, a Dow industrial con-stituent, gained \$1% to \$99%.

The Dow transportation average, often regarded as a guide to underlying trends in industrial stocks, returned to the downward tack as the buyers of rail issues backed off. Union P sbed 5% while Burlington Northern lost 5% to \$67%.

In the credit market short-term rates edged higher despite intervention by the Federal Reserve, which made three-day system repurchases when federal funds stood at 61%s per cent.

Bond prices moved np sharply at midmorning, in response to strength in the Treasury bond futures. Later, prices moved more uncertainly with long-dated issues showing gains of less than balf a point at noon. Retail interest remained thin

### EUROPE Brightened by flood of sunshine

SUNSHINE flooded Europe yesterday, and activity on most major bourses hrightened along with the weather. Investors were spurred by Friday's leap on Wall Street and election results in West Germany while interest rate cuts aided sentiment in France.

Frankfurt, roused by the Christian Democrats' success in Lower Saxony, jumped sharply higher in active trading. The Commerzbank index scored a resounding rise of 49.7 to close at 2,065.8, a third consecutive gain, as buying centred on blue chips.

Banks, cars and chemicals were also assisted by the softer dollar. BMW starred with a DM 25 advance to DM 600, and VW put on DM 20 to DM 570. Daimler gained DM 21 to DM 1,445.

Porsche remained steady at DM 1,035 as it announced the recall of 25,000 turbo sportscars throughout the world to repair faulty fuel lines.

Among chemical groups, Bayer ad-vanced DM 12.20 to DM 322, At DM

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286.20 BASF stayed at Friday's closing level while Degussa and Hoechst gained DM 6.50 each to DM 455.50 and DM 280.

Henkel, the applied chemicals group, rose DM 5.50 to DM 415.50. The company, which expects earnings to rise in 1986, is in talks with Union Générale de Savonnerie, the French soap maker, as

FFr 679. Moët-Hennessy, the rosebusb to champagne group, added FFr 43 to FFr 1.994.

While French interest rates looked set to fall, Swiss banks raised their rates on customer time deposits, depressing activity on the Zurich bourse. Shares rose, but their gains were limited by the sentiment

Brussels and Milan were also firmer while Madrid faded late in the session.

Moves to reform capital taxation boosted prices in Stockholm where Volvo attracted the most attention. The issue rose SKr 14 to SKr 421 as the group said it would pay fines imposed on it by the bourse for an alleged failure to re-port a planned deal with Fermenta.

Fermenta advanced SKr 2 to SKr 173 ex-dividend after news that it had reap-pointed Mr Refaat El-Sayed as head of the hiotechnology and chemicals group. Oslo also opened the week on a stronger note as the country moves towards accepting an emergency tax package to cool down its overheated economv.

#### LONDON

INTEREST RATE hopes gave London markets a firm start to the new trading account yesterday although volume remained thin. The FT Ordinary index rose 4.9 to 1,318.6.

Investors derived encouragement from the strong Friday performance on Wall Street and revived expectations of a cut in the US discount rate.

News of the 0.75 per cent fall in May retail sales had scant impact on sentiment which was more susceptible to the fine summer weather and the forthcoming Ascot race meeting.

The news blackout in South Africa proved effective, forcing persistent short covering in recently beleaguered gold and related issues.

Gilts firmed although a slightly easier sterling exchange rate and the prospect of new official funding after Friday's exhaustion of the long tap stock deterred some investors,

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

#### AUSTRALIA

THE CALMER pace of the takeover scene was reflected in Sydney as the All Ordinaries index retreated 7.2 to 1,209.1. Industrials proved the most vulnerable although mining, particularly gold, issues beld up well.

BHP, the centre of mnch of the current takeover interest, closed un-changed at A\$8.86 after early weakness. The other participants in the bld drama were subdued, with Elders IXL down 10 cents to A\$4.70, Bell Resources 10 cents cheaper at A\$4.25 and parent Bell Group 6 cents lower at A\$9.44.

CSR, which had earlier announced new share and options issues, retreated 12 cents to A\$3.43, and CRA among mines dipped 4 cents to A\$6.46. Renison,

### TOKYO Encouraged by discount rate hopes

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Report Street of

LARGE-CAPITAL steel and shipbuild. ing stocks were traded busily in Tokyo yesterday on expectations of more co-ordinated discount-rate cuts, but a late hesitant mood dampened the market, urites Shigeo Nishiwaki of Jiji Press.

The Nikkei stock average shed 20.37 to 17,165.60 on late profit taking after gaining 60 points at one stage in the morning. Trading volume remained high at 737m shares, though down from last Friday's 980m shares.

This marked the first fall in four sessions. Declines outnumbered advances hy 471 to 385, with 133 issues unchanged.

Buying interest tapered off in midmorning after seeming to strengthen from the opening, reflecting growing expectations for co-ordinated discount-rate cuts by Japan, the US and West Ger-many and last Friday's strong raily on Wall Street.

Equities had seesawed at a high plateau in a mixture of optimism and pessimism since the beginning of last week. The optimists expect still higher prices

Hong Kong stock markets were closed yesterday for a holiday.

due to surplus funds and investor preference for stocks against the backdrop of lower interest rates while the pessimists are concerned about precariously high prices.

Steel and shiphuilding issues were the four most active stocks yesterday: Kawasaki Steel topped the active list with 99.43m shares traded and firmed Y2 to Y185. Nippon Kokan, second busiest with 63,64m shares, and Ishikawajima-Harima Heavy Industries, third with 56.56m shares, closed unchanged at Y168 and Y246, respectively, Nippon Steel, fourth with 39.39m shares, eased Y1 to Y176.

Budget-influenced stocks and railways opened higher almost across the board, but the uptrend slackened later. Nihon Cement remained popular with

the sixth largest trading volume of 9.75m shares and climbed Y20 to Y587 on investor interest in the planned construction of a new Kansal international airport in western Japan. But Keihin Electric Express Railway closed Y2 down at Y796 after firming Y19 on investor appraisal of a project to extend its railway to Tokyo International airport at Haneda.

Biotechnology stocks fell across the board with the exception of Kuraray, which soared ¥90 to ¥2,280 after reports of the launch of a clinical test on a new anti-cancer drug dustries dropped Y30 to Y1,590 Nippon Oil put on Y40 to Y1,230, reflecting expectations that the group will discover oil on the continental shelf between Japan and South Korea. The results of its exploration are due at the end of this month. Gas and power utilities were mixed. Tokyo Gas rose Y4 to Y453 while Tokyo Electric Power weakened Y30 to Y3,960. Bonds opened stronger after the surge

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SOUTH /	ERICA				CHICAGO Latest High Low Pr
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SFr	1.817	1.821	2.765	2.775	
Guilder	2.479	2.486	3.775	3.79	
Lina	1.511	1.518			550
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CS	1.386	1.384	2,1108		1986

Also lacking enthusiasm were the air-line\_stocks, after Delta Airlines asked the Transportation Department to investigate the computer reservation system operated by American, one of its major rivals on domestic routes. Delta held steady at \$42 while American eased \$% to \$52%. Pan Am drifted down a further \$¼ to \$8%, but TWA, rallying after the unexpected departure of a senior executive, added \$% to \$15.

Reports that the Supreme Court might rule the Gramm-Rudman budget plans to be unconstitutional found no confirmation, and defence stocks moved up at midsession. General Dynamics gained \$% to \$76%, Lockheed \$% to \$53% and the shuttle rocket engine manufacturer, Morton Thiokol, added 5% to \$37%. The hright spot was the retail sector,

which hopes for confirmation later this week that personal spending remains huoyant. J. C. Penney jumped \$1% to \$81% in active trading, and another feature was Sears, up 5% at \$47%. However, Federated Department Stores slipped \$1% to \$83% as profits were taken after recent strength. Financial stocks paused as traders

awaited signs that short-term rates would begin to fall again. Financial Corporation of America slipped \$% to \$6%, still upset by the chairman's admission that an operating profit is unlikely be-fore the end of the year. BankAmerica eased \$% to \$15%, and

other bank stocks were mostly lower. J. P. Morgan gave up \$% at \$8 and Citicorp \$% to \$44%.

part of its plan to strengthen its corpo-

rate base. Banks, benefiting from the weaker US currency, showed gains stretching to DM 23 for Bayer Hypo at DM 598, DM 12.50 to DM 828.50 for Deutsche and DM 15.50 to DM 449.50 for Dresdner Bank. Siemens, scored the highest gains in the electrical sector, adding DM 17 to DM 660, AEG rose DM 6 to DM 332, and Brown Boveri advanced DM 2.80 to DM 301

Bonds were also lively on the victory by Chancellor Kohi's party in the polls, registering gains of up to 110 basis points. The Bundesbank sold DM 85.9m worth of domestic paper after selling a sizable DM 102.7m worth on Friday.

The brighter mood in Germany spilled over into Amsterdam, and the ANP-CBS general index gained more than 3 percentage points.

Unilever rose F1 6.40 to F1 477.50 as rumours of an impending takeover offer circulated. Wessanen, seen as the most likely target, ended up Fl 2 at Fl 302.

Among other internationals Royal Dutch rose FI 1.80 to FI 196, and Hoogovens added FI 2.40 to FI 116.90. Philips turned lower, however, shedding 10 cents to FI 54.80.

The Bank of France signalled the room for further cuts in base lending rates by reducing its money market intervention rate ¼ percentage point to 7 per cent. This move fuelled enthusiasm in Paris where prices advanced throughout the day.

The foods and drinks sector showed strong gains, with BSN up FFr 145 at FFr 3,695, Pernod Ricard FFr 54 higher at FFr 1.042 and Perrier FFr 11 ahead at

nong gold stocks, added 20 cents to A\$5.70.

#### SINGAPORE

BARGAIN-HUNTING and isolated short covering sparked some life into moderate Singapore trading and left the Straits Times industrial index 7.26 high-er at 703.38 and the Stock Exchange all share index 1.87 up at 238.67.

Promet was the most active issue with 695,000 shares traded out of a total session volume of 15.4m. It gained 1 cent to 43 cents

Van der Horst, also active, picked up 1/2 cent to 65 cents while United Motors firmed 10 cents to S\$6.80. SIA managed a 5-cent advance to S\$6.55.

Banks were buoyant, with OCBC 15 cents higher at S\$7.10 and DBS 10 cents np at S\$6.45. Firmer properties saw Singapore Land surge 21 cents to S\$3.10 and Selangor pick up 7 cents to S\$1.13.

#### SOUTH AFRICA

LIGHT TRADING featured in Johan-nesburg as market operators moved to the sidelines during the anniversary of the 1976 Soweto riots.

Gold issues were broadly lower, and industrials followed suit. Vaal Reefs dropped R10 to R225 despite showing early strength. Driefontein lost R2.25 to R53.75, and Buffels dropped R2.75 to R80.25

Mining financials, platinum and dia-mond issues mirrored golds. One of the few stocks to move against the trend was Nedbank, up 10 cents to R6.15. on the US bond market last weekend but turned down on profit taking. The yield on the beliwether 6.2 per

cent government bond maturing in July 1995 went up to 4.665 per cent after dropping to 4.600 per cent at one stage. The yield on the 5.1 per cent government bond due in March 1996 also rose from the previous week's 4.905 per cent close to 4.920 per cent after falling to 4.840 per 93200 cent at one stage.

Among bond futures September com tracts moved up from last Friday's Y102.70 to Y103 but retreated to Y102.80 on heavy selling by dealers, failing to hreak the psychological barrier of Y103.

#### CANADA

INDUSTRIALS proved one of the weaker spots in Toronto as mines and metals lost ground.

Toronto Dominion Bank fell CS% to C\$23½, and Canadian Imperial Bank of Commerce traded CS% lower to C\$23%. Toromount Industries dropped CS% to CS8% while Dylex A resited the trend with its CS% gain to C\$18%.

Montreal staged a broad retreat al-though utilities showed some strength



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